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ABSTRACT

This book provides an indepth description and analysis of financial management and budgetary procedures for education in Kazakhstan, one of the centrally planned economies of the former Soviet Union. The case of Kazakhstan is characterized by its radical and bold policies to improve educational financing and budgeting during the 1990s. Chapter 1, "General Characteristics of the Education System Budget of the Republic of Kazakhstan," provides background and an analysis of the budget system at the time the report was prepared. Chapter 2, "Reformation of the Budgetary Process in the Republic of Kazakhstan," discusses the order of preparation, consideration, and approval of the republic's budget; funding of educational staff; and organization of an effective legal basis for the education system. Chapter 3, "Strategy of Reforming the Education System and Its Financing," addresses reforms of the education system at the beginning of the 21st century and new criteria for financial financing. Appended are 9 charts and 30 tables that illustrate a wide variety of topics, including enrollment figures, student and school demographics, expenditures, and teacher and administrator salaries. (WFA)

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IIEP research and studies programme

Financial management of education systems

Educational financing and budgeting in Kazakhstan

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Bauyirjan Ereshaev, Nurilya Kuchukowa,
Raushan Satova, Gauhar Usenova,
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Working document
Financial managment of education systems

Educational financing and budgeting in Kazakhstan

by

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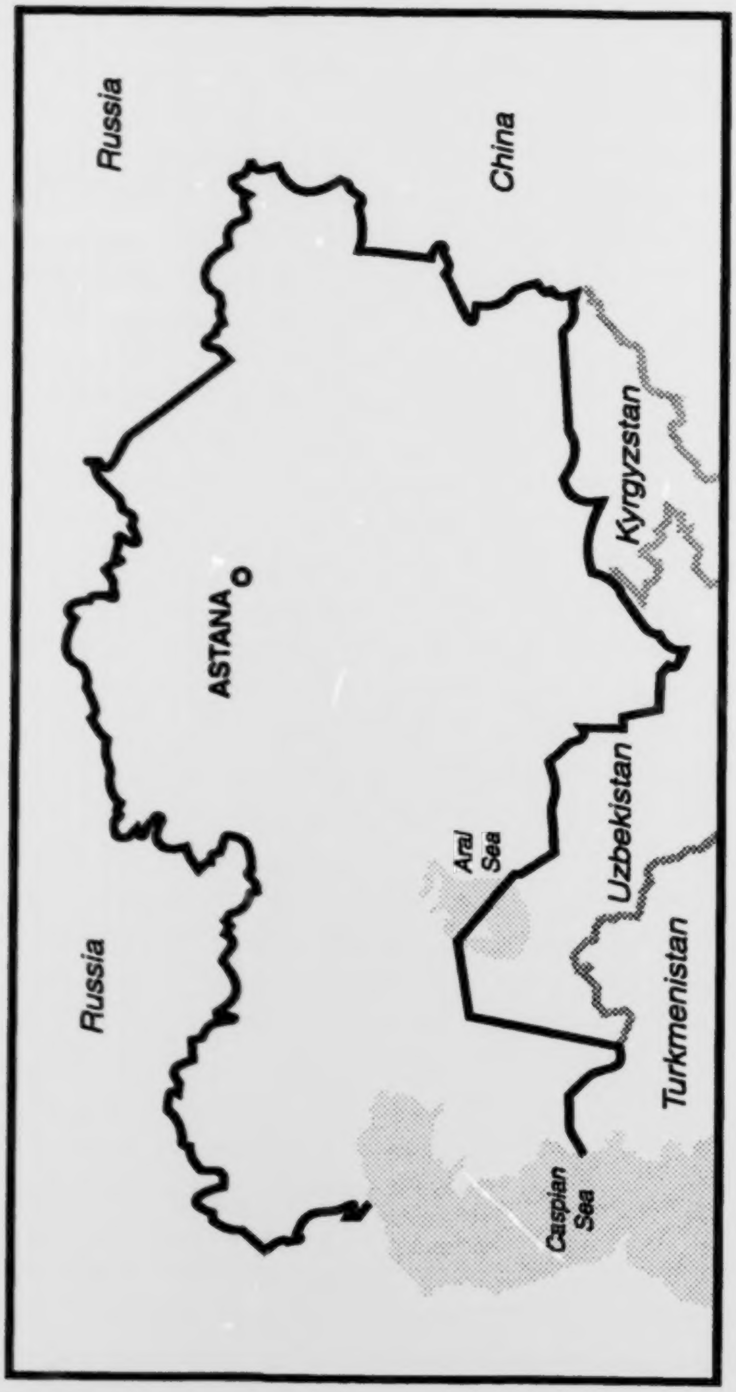
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Preface

The following report was prepared within the International Institute for Educational Planning (IIEP) research project on capacity building in budgetary procedures for education in Central Asian countries and Mongolia. The present national report containing the Republic of Kazakhstan's educational budgetary and financing procedures analysis, was prepared by a group of specialists under the guidance of Krymbek Kusherbaev, Minister of Education and Science of the Republic of Kazakhstan, Erlan Aryn, first Vice-Minister, Bauyirjan Ereshaev, Deputy Director of the Department of Economy and Finance, Chiefs of Sections Nurilya Kuchukova, Raushan Satova, Gauhar Usenova, Kulyanda Magenova, Nagjan Rahimjanova and Bahyita Sultanova. Their experience and professional skills were essential for the successful preparation of this detailed scientific and research material and contributed to its quality. Serge Péano and Igor Kitaev, IIEP Programme Specialists, guided the project and co-ordinated its organization and implementation, overseeing editing and preparation of the national reports for printing at the International Institute for Educational Planning. The present project was funded by the Netherlands Ministry of Foreign Affairs, and all the participants of the project express their sincere gratitude.

The following final outcomes are expected from the project:

- Preparation of description and analysis of existing educational financing and budgeting practice in each of the participating countries (Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan and Uzbekistan) as well as their comparative analysis.
- Sharing of experience and opinions on educational policy and financing among Central Asian states and Mongolia on a regular basis.

- Drawing of practical conclusions and elaboration of recommendations on improvement of educational financing and budgetary procedures in the countries of the given region.
- Publication of the six national reports (research papers) at the International Institute for Educational Planning, as well as analysis in the form of a synthesis in two languages (Russian and English). These publications will serve afterwards as helpful practical material for the personnel of respective ministries, departments and organizations in the states participating in the project and other states concerned.

Methodology of the project links the scientific research with the improvement of the competence of personnel dealing with educational financing and budgeting. A special group responsible for the project, including two high-ranking experts from the Ministry of Education and the Ministry of Finance, respectively, was set up in each of the states. These two experts oversee the analysis and scientific comprehension of the problems in the field of budgetary procedures, in a comparative perspective with the other states of the region, as well as in relation to the international experience concentrated at the International Institute for Educational Planning. The formula of the project enabled the two government bodies directly responsible for educational financing in each of the states – the Ministry of Education and the Ministry of Finance – to combine their efforts within the framework of one scientific project and to overcome disputes on the best methods of handling the burning issues of educational financing. Such a formula promoted (an important aspect of the project) better co-ordination between the key ministries in a state, their interaction and intercommunication in the course of the meetings, and led to discussions outside the usual routine, within the framework of scientific research and in co-operation with the other groups of scientists and practitioners from the neighbouring states, organized according to the same principle.

It should be noted that despite the difficult economic situation, regional political problems and the everyday pressure of work, all six groups of the participating states facilitated the implementation of the project and contributed greatly to the achievement of its goals.

The first meeting within the framework of the project was held in Ulan Bator (Mongolia) in 1997 and was devoted to the discussion and approval of the main guidelines of the project and the draft structure of the national reports.

The second meeting on the project was held in Samarkand (Uzbekistan) in 1998. It considered the first descriptive chapters of the national reports presented by all the participating states. The issues applying to the analytical chapters of the national reports were discussed and then co-ordinated.

The third meeting on the project was held in Cholpon Ata (Kyrgyzstan) in 1999 to review the results and conduct the final consideration of the national reports, including the most important issues of mutual interest for all the participating groups. At this meeting, on the basis of the presented reports and their comparative analysis, the conclusions were drawn concerning the possibilities of educational financing, budgeting and respective budgetary procedures' improvement.

According to the project, all the national reports will be published at the International Institute for Educational Planning in two languages (Russian and English) upon their completion and full conformity to the approved main guidelines and structure. The national report of the Republic of Kyrgyzstan will be the first published at the IIEP within this series. It represents an interesting example of 'accelerated' transition to the market economy, which was accompanied by 'shock therapy' features (sharp reduction of state budget allocations, delays and deficits in teachers' remuneration and students' allowances, freezing of school construction, application for external financial aid, etc.). The English and the Russian versions of the present report are practically identical, with the exception of several appendices in the Russian version containing some normative documents on educational financing and budgeting of special interest to Russian-speaking readers.

Country profile of Kazakhstan

The Republic of Kazakhstan is a sovereign democratic state and the largest country in the Russian Federation formed as a result of the Soviet Union break-up in 1991. The country is rich in mineral resources, including oil, gas and minerals. Kazakhstan is the major producer of gold, copper, zinc, manganese, coal, uranium and lead. Kazakhstan is a notable exporter of agricultural products such as grain, wool and meat, despite the problem of desertification of arable lands. Economic and structural reforms launched since 1991, including the most significant attempt at privatization in the region, have contributed to the recovery of the Kazakhstan economy. The gross domestic product (GDP) increased by 1.7 per cent in 1999 compared to the 1998 report, the inflation rate decreased to 16.8 per cent in 1999 and the large volume of direct foreign investments has been noted.

In 1999 the financial situation in Kazakhstan was aggravated by financial crisis in a number of countries and, especially, in Russia. The slump in world prices for raw materials, and considerable currency devaluation in a number of countries, exacerbated the foreign trade conditions. The introduction of a floating exchange rate for the tenge (the currency of Kazakhstan) on 5 April 1999 stabilized the financial market and raised the competitiveness of Kazakh producers, increased the monetarization level of the economy but, at the same time, led to an increase in the level of inflation.

According to provisional estimates, the growth in the country's gross domestic product (GDP) in 1999 amounted to 1.7 per cent, compared to the same period of the previous year (1998), as against its reduction by 2.5 per cent in 1998 (compared to 1997). The recession in the major branches of the economy, which lasted through the second half of 1998, aggravated the GDP dynamics during the first six months of 1999. The recovery of industrial and agricultural production in the second half of 1999 influenced the GDP rate for that year positively.

The volume of industrial production increased by 2.2 per cent in 1999. In agriculture, the increase in gross value added amounted to 28.9 per cent, according to a provisional estimate. Investments in fixed capital in real terms were also positive, the increase, according to provisional data, was about 3.8 per cent.

Kazakhstan is located in Central Asia and borders the Russian Federation in the north and the west, the Chinese province Sinzsiyan in the east, Kyrgyzstan, Uzbekistan and Turkmenistan in the south. Its capital – Astana – is located in the centre of the country.

Kazakhstan occupies an area of 2.72 million km², which is approximately equivalent to the territory of Western Europe. Kazakhstan is the ninth largest country in the world and the second largest member of the Commonwealth of Independent States after Russia.

According to the population census of 2 February 1999, the population of Kazakhstan totalled 14.9 million, placing the republic into the category of one of the most sparsely populated countries in the world, with an average density of population of 5.7 persons per square kilometre. The structure of Kazakhstan's population is multi-ethnic.

Kazakhs compose the majority (52 per cent) of about 126 various ethnic groups inhabiting the country. Other groups include Russians, 31 per cent; Ukrainians, 4.4 per cent; as well as Uzbeks, Tatars, Germans and others. The proportion of the Kazakh ethnic group increased from the moment of acquiring independence, many ethnic Kazakhs returning to their historical homeland.

The territory of Kazakhstan can be subdivided into five areas by their natural and climatic conditions. Two-thirds of the population live in the southern and northern areas, making up about half the territory of the republic. Only one-eighth of the population lives in the western area, equivalent to over a quarter of the whole territory.

The geopolitical situation of Kazakhstan depends on a number of essential factors.

The geographical location, in the centre of the Eurasian continent, is a factor of major importance in the considerable transport and communication potential of the country, of special interest to many foreign states.

Kazakhstan borders the following countries: Russia, China, Kyrgyzstan, Uzbekistan, Turkmenistan, Iran and Azerbaijan. The direct geographical proximity of Kazakhstan to Russia and China, countries claiming key positions in the world in the twenty-first century, contains vast possibilities. The historical intercommunication of Kazakhstan and Russia has always determined relations within this triangle. At the same time, in the course of recent years, mutually beneficial economic and political co-operation between Kazakhstan and China has been promoted due to rapid economic growth.

Taking into account the potential markets of China and Russia (1,350 million population), the advantage of the location of Kazakhstan is obvious. Moreover, the ample reserves of natural resources, especially oil and gas, are indicative of the huge potential of the republic and the opportunity of mutually beneficial economic and political partnership.

The republic's transport and communication complex is represented by rail, air, sea, riverine, pipeline transport, motor-road network and telecommunication systems.

There are few natural water routes in Kazakhstan, therefore, overland transport plays the leading role in cargo transportation.

The national rail service is represented by three railway Departments – the Almaty, Tselinni (Virgin Soil), and West-Kazakhstan. The overall length of the railway track amounts to 14,5 thousand kilometres. The major part of goods is transported by rail. The formation of transcontinental main lines – the Transasian and the Euroasian – has been given top priority.

The three main lines form the basis of the modern railway network: one of them from the north to the south; the other two from the west to the east. The shorter lines, serving individual industrial junctions, branch off the main lines inland. Some of them are extra outlets outside the frontiers of the country.

Kazakhstan possesses enormous natural and geographical potential.

A total of 99 out of 105 elements of the 'periodic system of elements' (The Mendeleev Table) are found in the heart of Kazakhstan, over 60 elements are in production. Details are given below.

Territory	Layer
The Kazakh Small Knolls	Copper, lead, zinc, rare metals, coal, iron
The Coal Altai	Copper, lead, zinc, silver, gold, cassiterite, rare metals
The Turgai Caving	Iron ore, bauxite,brown coal, oil
The Emben Plateau And Mugojari	Chromite, copper, asbestos
The Caspian Lowland And Mangyshlac	Oil, gas, mineral salts
The Karatau Mountain Ridge	Phosphorites, lead, zinc and vadium ores

This huge potential has been exploited only during the past 60-70 years.

The raw-materials base of the republic is characterized by the high number of surveyed deposits and the diversity of minerals. At present, 493 deposits containing 1,225 types of mineral raw materials are known. Kazakhstan occupies the world's leading position in the surveyed reserves of zinc, wolfram and barytes; the second in silver and chromites; the third in copper and fluorite; the fourth in molybdenum; the sixth in gold.

Kazakhstan takes first place among the countries of the Commonwealth of Independent States in the volume of the mineral reserves of chrome ore and lead (98 per cent and 38 per cent, respectively, of the total volume); second place in oil, silver, copper, manganese, zinc, nickel and phosphorous raw materials; and third place in gas, coal, gold and cassiterite.

Kazakhstan holds first place in silver, chromites, lead, and zinc output; second in oil, coal, copper, nickel and phosphate output; and third in gold output.

Kazakhstan has access to considerable gas and oil reserves located at the basins of the Caspian and the North Caucasus – Mangyshlac oil and gas-bearing provinces.

Large commercial oil reserves have been revealed at the Pricaspian cavity, in addition to those already exploited.

The positive results obtained in geological surveys of the unique oil reserves of the Tengiz and the large Royal oil deposits, together with the already discovered Janajolski and other deposits, place Kazakhstan among the states with the largest oil output.

At the same time, discovery of the new oil-bearing area at the South Turgai Cavity widens prospects of further development of the republic's oil output, covering now the southern regions of the republic.

According to the results of geological and economic estimates of the available mineral reserves, coal, oil, copper, iron, lead, zinc, chromites, gold and manganese have the greatest economic significance.

The total potential extracted value of precious, non-ferrous and ferrous metals to be worked off within the next 15-20 years, is estimated at US$245.7 billion. Operational costs are estimated at about US$160-180 billion and the paper gross profit at US$50-60 billion, if the necessary investments are drawn into the mining industry.

The prospective extracted value of major minerals such as oil, coal, polymetals, gold, chromites, manganese and iron amounts to US$1,126.6 billion.

The soil and climatic conditions of Kazakhstan are rather diverse, permitting cultivation of almost all the cultures of the temperate/warm zone and development of various branches of agricultural production. Thus, the climatic conditions of Northern Kazakhstan are favourable for cultivation of spring wheat, oats, barley and other cereal crops, as well as for vegetable growing, melon cultivation, technical-crops growing (sunflower, flax, tobacco plant). High harvests of cotton-plant, sugar-beet, rice, fruit and berries are achieved in the south of the republic, under artificial irrigation.

The temporal nature of the Kazakh State is determined by its Constitution, which ensures the right to religious liberty. Various religious and ethnic groups live in good-neighbourliness.

Almaty is located at the Silk Road oasis. Commerce sprang up along the Silk Road in approximately 105 AD. Gold, silver, ivory, raisins, wool, Mediterranean painted glass, grapes, vines and spices were brought by caravan lines to the East (China), while silk, porcelain, precious stones and perfumery were delivered to the West (Parphia). The part of Central Asia, including the territory of present-day South Kazakhstan, which supplied horses and camels, supporting the traffic of goods by this route, was located halfway along it. The historical significance of the Silk Road for Kazakhstan arose not only from the unprecedented commerce, which was essential, but also from the exchange of ideas, technologies and religions among the different cultures.

Before the thirteenth century, when Chingiz-Han brought Mongols to the territory of present-day Kazakhstan, the region was inhabited mainly by nomadic peoples: Nomads-Parfians, Kushanides, the Persian dynasty of Sassanides, Turks, Abbasides and Turks-Seljuks. In the course of time, Mongols assimilated with the nomadic peoples of Kazakhstan. After the downfall of the Mongolian empire in the seventeenth century, the Kazakh nomads joined forces and established a political federation, which later split but left an important heritage – historically established cultural ties.

On 16 December 1991, the Republic of Kazakhstan adopted a Declaration of Independence and signed the agreement, formally putting an end to the former Soviet Union rule and starting the Commonwealth of Independent States (CIS). Nursultan Nazarbaev became the first president, forming the new sovereign state, and has remained at his post as head of the state executive power up to now.

Kazakhstan is one of the most stable states of the CIS from a political aspect, with a democratic system of presidential government.

Kazakhstan has established diplomatic relations with more than 120 countries and is a full member of the United Nations, International Monetary Fund, World Bank, UNESCO, European Bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB), International Development Association (IDA), Multilateral Investment Guarantee Authority (MIGA), International Finance Corporation, and Islamic Development Bank (IDB). Kazakhstan became a member of the UNESCO General Conference Executive Council from November 1997 and an observer at the World Trade Organization.

The Republic of Kazakhstan is a member of 59 international organizations such as the United Nations (UNDP, WHO, UNICEF, UNESCO), Organization for Security and Co-operation in Europe (OSCE), World Bank, (IB, IFC, IDA, MIGA), International Monetary Fund, Asian Development Bank, European Bank for Reconstruction and Development and others.

The Russian Federation occupies the principal position in the foreign policy of Kazakhstan. It is conditioned by its political and economic position in the world community and by the length of their common frontiers. The Russian Federation is the major trading partner of Kazakhstan. The two nations are historically connected with each other by kindred, friendly and neighbourly relations.

Considerable changes have taken place within the ***system of higher education*** of the Republic of Kazakhstan in connection with the development of the non-governmental sector of education, introduction of the new enrolment pattern for admission to higher-education institutions, and the new requirements in regard to the quality of personnel training at higher-education institutions.

At present, 52 civil public and 111 private higher-education institutions operate in the republic.

The number of students in private higher-education institutions amounts to nearly a quarter of those in public higher-education institutions.

In 1999, the new pattern of students' enrolment in the republic's public higher-education institutions was put into practice. The competitive selection of aspirants to state educational grants and credits in each specialty was carried out in the republic, as a whole, for the first time by the Testing Centre, reorganized in December 1999 into the Republic's Public Enterprise – the National Centre of State Educational Standards and Testing (NCSEST).

A total of 15,995 out of 42,755 university entrants, who took part in the complex testing procedures, became the holders of state educational grants and credits, making up 37.4 per cent of the total number of entrants, that is 2.8 entrants per vacancy against 2.2 in 1998.

Training of personnel with higher professional education is performed in accordance with state compulsory educational standards.

The state standard 'Classifier (List) of Specialties of Higher Professional Education of the Republic of Kazakhstan' has been improved and directed towards consolidation of specialties.

The main sources of additional scientific and pedagogical staff are through postgraduate and Ph.D. degree courses. Postgraduate courses in 216 scientific specialties have been opened at 39 higher-education institutions; doctorates in 29 specialties at 11 higher-education institutions.

The system of ***primary and secondary special education*** presents a dynamically changing sphere with diverse infrastructure.

The budgetary crisis, the optimization in the sphere of professional education, restructuration and decentralization, intended as positive factors in the transformation, resulted in the reduction of the amount of training and re-training of workers and specialists, closure of primary and secondary special professional educational institutions, and the emergence of a so-called 'regional egoism'. It especially applies to the state order for qualified personnel training, determined by local executive bodies, which proceeds solely from the needs of their region, resulting in certain defects at the republic level and infringements upon the civil rights of young people.

In 1999 there were 279 professional and technical schools and lyceums, with the number of students amounting to 85,000, and 171 colleges with 109,600 students. Reduction in the number of professional educational institutions accordingly resulted in cutting down admission to professional schools and colleges, at times reduced to 30-50 students.

An increase in the number of non-formal educational institutions represents a positive trend in the first stage of economic reforms: 87 colleges and 28 professional and technical schools in 1999, compared to 71 and 21, respectively, in 1998.

A serious approach to the interaction of the professional education system and industrial ministries, labour exchange and employment centres in the regions, together with employers, is very important.

Certain progress has been noted within the ***pre-primary education system***. It is connected mainly with pre-school training of children. At present, according to information from regional education departments, 16.5 per cent of children of pre-school age is covered by pre-primary education.

Due to the cut in government financing from 3.7 billion to 1.2 billion tenges, and conversion of pre-primary education institutions to the status of government formal enterprises, 400 of these institutions for 54,000 pupils were closed and only 24 for 2,070 pupils were opened anew. The enrolment of pupils in pre-primary education institutions of the republic, overall, decreased by 49,300 (28.3 per cent) compared to the previous year.

Pre-school education institutions are losing their educational potential: due to the low rate of wages (the average wage of pre-school teachers on 1 October 1999 was 4,755 tenges) the best-qualified staff leave, the equipment and sports implements are wearing out, library funds are not being replenished, and toys, books, textbooks, visual teaching aids, etc. have become antiquated.

To play down the negative trends in the sphere of pre-primary education, the educational bodies have to work in close co-operation with the bodies of public health, social protection, internal affairs, youth organizations, government enterprises, joint-stock companies, and international organizations and, to act as co-ordinator of partnerships with the above organizations.

Within the ***general secondary education system*** the number of daytime general education schools decreased by 14 units. The number of evening schools decreased by 6 units; however, the number of daytime schools with evening classes increased by 193 units. The teaching and material base of the majority of schools fails to meet the requirements of contemporary educational technologies. The new types of school (lyceums, gymnasiums) and small-scale schools require the ideology of developing the teaching complex of technical means, an utterly new concept. The material-and-technical base of rural schools badly needs serious renovation: 46.5 per cent (2,850) of rural schools are located in adapted premises and 116 of them are in a dilapidated state; 19 schools operate in three shifts.

The closing of boarding schools on a mass scale has been observed during recent years, due to the unfavourable economic situation. Negative trends in the system of boarding and special correctional schools are the following:

- insufficient number of boarding educational institutions; children are forced to live with relatives and friends;
- lack of transportation on account of transport and fuel shortages, breakage of transport, bad condition of roads;
- insufficient number of educational institutions for mentally retarded children; only 27 per cent out of 124,000 of such children were provided with an opportunity to study at special correctional institutions;
- lack of a sufficient number of educational institutions for teaching and rendering healthy children infected with, and suffering from, tuberculosis; there are only 11 sanatorium-type boarding schools covering 2,777 children (3.6 per cent of the requirement);
- lack of appropriate conditions for teaching children with anti-social behaviour; the necessary measures on opening special schools for this category of children are not taken; at present, one specialized school for difficult teenagers is operating in Jamyl, which admits children from all the regions of the republic according to the court judgement;
- unsatisfactory flow of funds to general compulsory education;
- unsatisfactory provision of hot meals to pupils in many regions.

Introduction

The education system is a component of a country's economy and a guarantor of internal and external security of the state, if one may put it this way.

Firstly, the status of an independent state is determined by a number of indications: integrity of the economic complex, stability of the financial system, stable functioning of management structures and the social sphere. The educational sphere moulds human resources, capable of mastering the twenty-first century technologies and ensuring the future prosperity of Kazakhstan.

Secondly, destructive wars, national and other conflicts within the state are alien to a highly educated society.

Thirdly, the society can refrain from criminogenization and other negative social phenomena only by developing education and devoting serious attention to moulding the new generation.

Thus, education exerts an influence upon all, without exception, parameters of national security, connected with economic and defence, ecological and technological, cultural and administrative spheres.

Qualitative reformation of the education system is considered one of the most important factors of the state sovereignty formation, its real political and economic independence.

In conformity with the Law of the Republic of Kazakhstan on 'Education', the national educational pattern, based on the principles of succession and continuity of educational programmes, includes four levels of education:

- pre-primary education;
- secondary education (general secondary, primary and professional secondary education);
- higher professional education;
- postgraduate professional education.

The public education system of Kazakhstan includes about 10,000 public institutions of pre-primary, general secondary education, about 300 institutions of primary and professional secondary education, 171 colleges and 52 civil higher-education institutions. At the same time, the non-governmental sector of education is being developed.

Pre-school education in the republic is provided by a public network, comprising 1,158 institutions, and by 115 non-formal institutions. Social and pedagogical functions of pre-primary education are in the process of reformation. Renovation of the programme contents of education, renunciation of authoritarian pedagogy in favour of personality-directed interaction between teachers and pupils, moulding and development of individual features of pre-school children on the basis of ethnic, cultural and social orientation of the pedagogical process, represent important aspects of the reform.

Pre-primary institutions remain as a universally recognized pattern of the first stage of continuous education and social adaptation of children from the earliest years.

The network of public pre-primary institutions covers 124,800 children, with non-formal accounting for 6,700 children (01.01.2000) (Appendices 2, 3, 4).

At the beginning of the 1999-2000 school year, the structure of public general secondary education institutions was as follows: 8,009 day-time general education schools, including 99 special correctional institutions; 247

gymnasiums and lyceums; 31 evening general education schools. The non-formal network included 199 general education schools. Total enrolment was 3,118,600 children, 3,099,800 of whom were in public schools, and 16,400 in non-formal schooling (Appendices 1, 5, 6). The major share of general education schools, in a regional context, is located in the Southern and Eastern Kazakhstan regions, Kostanai region, the Northern Kazakhstan region, Acmolin and Almaty regions.

The trend of differentiation of the educational institutions' network has emerged recently within the structure of general secondary education. Schools are being transformed into lyceums and gymnasiums, schools provide the opportunity to study certain subjects in depth. Changes in types of educational institution result in an overhaul of educational content in these institutions, making a school receptive to innovations, providing changes in goal orientations and revision of syllabus. Basic education envisages the introduction of syllabuses of various levels and individually directed training, changing the correlation of the compulsory – invariant (within the State Educational Standard teaching workload) and the variant (chosen by pupils) parts of the education content. Completion of general secondary education will be realized on the basis of differentiation and free choice of new subjects and direction of study.

Some 529 out-of-school organizations with over 198,900 pupils operate in the republic. There are 18 boarding schools for orphans, with enrolment of 3,600, and 41 orphanages with 6,100 places have been set up. In addition, seven specialized schools for gifted children have been opened.

Taking into consideration the ethnic requirements of the republic's population, instruction in general education schools is conducted in six native languages.

The structure of primary professional education is the following: 210 professional and technical schools, 59 professional and technical lyceums, 10 special professional and technical schools, with the total number of students amounting to 82,900, including 73,400 students funded from the budget.

Secondary professional education numbers 176 institutions, its dynamics in 1991-1999 are outlinedt in Appendix 9. Leavers of basic schools in the primary and secondary professional education system have the right to choose the mode and length of secondary education, i.e. directly at industrial enterprises, training and industrial centres, as well as through evening courses and by external forms of training.

The radical changes in the economy and the labour market exert serious influence upon conditions of professional education. Under the early professionalization of young students, the problem of developing a unified classifier of professions and specialties by levels and stages of professional education is very acute.

Structurization of the content of primary, secondary and higher professional education into basic professional block, block of professional specialization, block of advanced professional training and additional specialization signifies the formation of a new competitive generation of young people.

Transition to the market economy inevitably leads to breaking the evolutionary line of the higher-education system development, and to the emergence of new trends in this field. The analysis of dynamics of major parameters of the higher-education system, such as the network of higher-education institutions, enrolment and graduation of students, professorial and teaching staff, number of students per 10,000 of the population, visually demonstrates the presence of really new trends in this sphere.

For the beginning of the 1999-2000 academic year, 52 public civil higher-education institutions (29 universities and 11 academies), undertaking the training of specialists of over 300 specialties, operated within the higher-education system of the republic. The enrolment of students amounted to 265,900, including 135,800 funded from the budget (Appendices 10, 11).

One of the integral indicators of higher-education development, accepted by the world community, is the number of students per 10,000 of the population. According to this indicator, the growth of the total number of students was observed, starting from 1995. At the same time, the reduction of a specific number of students funded from the budget, has taken place.

Thus, the analysis of dynamics of major indicators of higher-education system development for 1991-1999 demonstrates clearly the pronounced but contradictory trends:

- the number of students studying with the aid of the republic's budgetary funds steadily decreases, while the total number of students grows due to the increase in fee-paying students;
- the total number of teachers of higher-education institutions decreases, increasing the number of students per teacher; this results in deterioration of training; on the other hand, the percentage of teachers with an academic degree grows, improving the quality of specialists' training;
- the share of GDP spent on higher education is steadily decreasing, while expenditure by the population on the acquisition of higher education, is growing.

The marked trends of higher-education system development proceed against a certain number of negative developments in higher education which are yet to be resolved:

- the material-and-technical base of higher-education institutions deteriorates (an increase in the computer pool does not make up for the lack of a modern laboratory and industrial base);

- practical training bases are almost fully lost;
- professorial/teaching staff and students of higher-education institutions rarely carry out scientific research, which notably affects the quality of training;
- students are using outdated textbooks and teaching aids; this equally applies to training technologies.

All the above-mentioned shortcomings in the higher-education system are conditioned, in the first instance, by shortage or simply lack of funding. The principle of the two-channel financing of educational expenditure – the republic's budgetary funds and the funds of consumers of educational services – has taken root in the higher-education system. Economic problems limit possibilities of the above funding and, as a result, the republic's budgetary funds cover expenditure on the wages of professorial and teaching staff and, partially, students' stipends, while funds of the population cover expenditure on wages and communal expenses. At the same time, other channels of higher-education financing, widely used by foreign higher-education institutions, remain untapped: sale of goods of intellectual property, pedagogical and reference tools, enlisting co-operation of firms and companies, various funds, graduates of the given higher-education institutions, etc.

The existing structure of training for the specialists with higher professional education in Kazakhstan is reflected in the Classifier of higher-education specialties. The Classifier currently in force, including 307 specialties by 47 groups, was compiled under difficult and quickly changing economic conditions. Its structure was, on the whole, determined correctly and, in a general way, met the requirements of both the higher professional education system and conjugate spheres of social division of labour. The established structure of higher professional education does not require radical transformation. At the same time, it appears necessary to bring the higher-education structure into line with contemporary labour market requirements, ensuring its harmonization with established international standards. The abundance of specialties makes the problem of demand for graduates of higher-education institutions particularly acute, on account of the narrow orientation of their instruction. Complete analysis of the contents of certain specialties, included in the Classifier, is being conducted at present, considering universalization, standardization and modernization of the list of specialties in conformity with international standards recommended by UNESCO.

With a view to efficiency in the application of public funds allotted for higher-education development, it is necessary to regulate the structure of specialists' training by means of revising the list of specialties to optimize the period of study and further training. In view of this, the transition to personnel training in doubled and trebled specialties by groups of educational and medical specialties and grouping of technical specialties by consolidated orientations should be carried out. It is necessary to reduce the period of study at higher-education institutions by one-two years for persons with secondary special education and to introduce the system of acquiring the necessary secondary higher education within the reduced period of study. With a view to this, new state higher-education standards should be developed.

In many higher-education institutions training in bachelor's and master's degree programmes is being carried out mainly on an experimental basis. This work is being conducted within the framework of existing higher-education specialties, each higher-education institution defining the orientation of training. This results in misunderstandings and non-conformity. It would be advisable to prepare in addition a Classifier of bachelor's and master's degree training.

A considerable rise in the quality of training of specialists with higher education, including those in the scientific and research sphere, is a primary task set by the government for the Ministry of Education and Science. Integration of higher education and the sphere of Science and technology is one of the means of its realization.

We are faced with quite a number of challenges in this connection:

- To organize thorough integration of the educational process and scientific activity; creative exchange of scientists, teachers and students; practical work of students in theoretical and experimental bases of scientific and research institutes; organization of conferences; enlistment of leading foreign scientists.
- To develop an efficient mechanism of integration of research institutes and universities integration according to the principle of 'communicating vessels'.
- Academic institutes and higher-education institutions: chairs with similar profiles can set up scientific and educational associations in order to employ unique scientific equipment and modern instruments which are at the disposal of research institutes. Professorial and teaching staff can participate in the implementation of scientific programmes and projects of these institutes and employ the acquired knowledge during the process of education, providing conditions for the training of specialists in newly developed high technologies and industries.
- Students and postgraduate students can conduct research within academic institutes, reinforcing the ranks of scientists and scientific and pedagogical staff; scientists of academic institutes can deliver lectures, conduct seminars and laboratory studies in modern areas of science, passing on their wide experience to students. Personnel training should be conducted by direct applications of national and regional scientific centres, scientific and research institutes of branches of industries, corporations and companies. Educational programmes must be flexible, especially special courses' programmes, which are to be drawn up with due regard for requirements and wishes of customers.

Within the next few years it is planned to carry out the integration of universities and scientific and research institutes, with a view to laying foundations for high-quality training of higher education-specialists. At the same time, it should be borne in mind that solutions to these challenges call for an extremely balanced and thoroughly considered approach.

Within the higher-education system, on the basis of the new Law of the Republic of Kazakhstan on 'Education' and the national pattern of education, the following measures will be taken:

- the competitive development system of the state compulsory educational standards will be introduced;
- the system of state educational grants and credits for acquiring professional education will be introduced;
- the new attestation system for higher-education institutions, irrespective of the form of property and departmental affiliation, will be developed and introduced;
- a national information and analytical centre on academic recognition and mobility will be set up;
- a rating system for higher-education institutions by level of their analogy to internationally recognized higher-education institutions will be introduced;
- the gradual integration of science and higher education will be carried out;
- an experiment will be launched to transfer a number of educational institutions under the management of the staff of these organizations for three-five years, with the right to their subsequent privatization under certain conditions;
- the compilation, on a competitive basis, and publication of a new generation of textbooks and teaching aids for all levels of education will be proceeded with.

The education system of Kazakhstan has become open, functioning under free-market conditions and offering citizens a wide variety of educational institutions and programmes. Higher education combines traditional training of specialists with complete higher education and bachelor's and master's degree programmes. Education in Kazakhstan, as a system under transitional conditions, demonstrates undoubted vitality and stability in the course of its development, compared to other spheres of social activity. Success depends on a reasonable combination of efficient governmental educational policy and profound democratization of all structures of educational management.

Democratization of educational management and state responsibility for the quality of education are basic instruments for the realization of educational reform. Within government policy, educational institutions, and their founders, were granted extensive rights to ensure their confident entry into market relations.

Within a relatively short time, the educational economy has been transformed, particularly in respect of higher education. Educational financing has become multidimensional, and extra-budgetary funds of public higher-education institutions amounted to 43 per cent of the total funding in 1999. The non-formal sector of education, comprising over 100 higher-education institutions and nearly 200 schools, has been created and is developing. It is beyond doubt that the government monopoly on education in Kazakhstan is over, and competition in the sphere of educational services is really being promoted.

All this has cleared the way for expansion of international co-operation with higher-education institutions of 28 countries. Educational institutions of joint ownership and a number of other subdivisions at public and non-formal higher-education institutions have been opened.

About 3,840 students, young specialists and teachers work, on probation, at foreign higher-education institutions under the presidential programme 'Bolashak'.

Long-term priorities of Kazakhstan's development, determined by the strategy 'Kazakhstan 2030', are 'health, education and prosperity of the citizens of Kazakhstan'. It is no mere chance: the second half of the passing century was characterized by unprecedented development of education in the world, resulting from realization of the vital role of education in providing security and stable social and economic development of a state.

In this connection, it is important, when considering in detail the situation of education in the Republic of Kazakhstan, to trace the strategy of its development with due regard for the general social and economic conditions of the society.

Chapter I
General characteristics of the education system budget of the Republic of Kazakhstan

1. Education system budget of the transitional economy

Transition to a market economy and respective social changes exert strong influence upon expenditure for education. Before 1999, educational financing was notable for a more pronounced administrative character; actual expenses and pricing conditions were of little account. At present, educational financing reflects the high priority attached to the social sector, and, in any case, a fixed minimum must be funded from the budget.

Provisions of the Constitution of the Republic of Kazakhstan and restrictions imposed by the Law on the 'Budgetary System' determine the framework of possible optimization of the network of educational institutions.

The following provisions of Article 30 of the Constitution of the Republic of Kazakhstan must serve as a basis for modernization of the education system: "Citizens are guaranteed free secondary education at public educational institutions. Citizens have the right to free higher education on a competitive basis at public higher-education institutions. The state establishes compulsory educational standards. Activity of any educational institution must conform to these standards".

Proceeding from these main postulates of the Constitution, methods of government support for the education system are at present being formed.

The process of optimization of the social sphere began as early as 1995. However, the government has systematically pursued budgetary policy in the field of network and staff optimization from the moment of adoption of Resolution No. 31 of the Government of the Republic of Kazakhstan on the 'Labour Remuneration of Branches of the Economy of the Republic of Kazakhstan' of 9 January 1996 and No. 53 on 'Implementation of the Decree of the President of the Republic of Kazakhstan' of 11 January 1996, having validity under law, No. 2700 on 'The Republic's Budget for 1996' of 21 December 1995, according to which ministries, state committees and departments were instructed to carry out structure and network optimization and rationalization of the maintenance norms and conditions. The specific scale and period of the staff reduction were determined; the savings from these measures connected with staff reduction, according to an established time schedule, were taken into consideration when estimating republic and local budgetary expenditures.

With a view to optimization of the network and the structure of educational institutions and raising the efficiency of the budgetary funds application, according to Resolution No. 166 of the Minister of Education of 6 June 1996, targets were set, at the regional level, on raising the average capacity of classes of general education day schools. It was aimed to raise the average capacity of classes by 1.7 units and bring it to 22.76 units in the 1996-1997 school year. The same Resolution determined the maximum number of pupils in extended day classes by region in the 1996-1997 school year, and reduction of enrolment in general education boarding schools by 25 per cent .

In figures for total expenditure on education for 1998, the share of expenditure for secondary education was the largest and equalled 65.3 per cent; it included a sum equivalent to US$ 22.8 billion for realization of the programme of the President of the Republic of Kazakhstan 'Introduction of Information Technologies in the Secondary Education System'.

Under transition to a market economy and with meagre budgetary financing, special emphasis was placed on the effective and rational application of budgetary funds. In particular, and only in 1998, by steps to save budgetary allocations, it was possible to succeed in the provision of social services in the educational sphere without drawing in budgetary funds of 5,724.6 million tenges including 617.2 million tenges in the republic's budget, and 5,077.4 million tenges in the local budget. This saving was due to the following measures.

The list of measures on saving budgetary allocations in 1998.

Education	tenges (million)
Local budget	
1. Pre-school institutions	
• Optimization of the network	347.52
• Transition to partially fee-paying care of children of one-five years and flexible routine	555.8
• Reduction of the number of teachers	618.9
2. Out-of-school institutions: optimization of the network	263.4
3. Schools: optimization of the network	1,686.0
• Increase in capacity of classes from 22.6 to 23.4 pupils	1,341.7
4. Professional and technical schools	
• Optimization of the network	205.0
• Secondary special educational institutions Optimization and reduction of the network	172.0
• Transition of students of industrial and pedagogical colleges to the system of stipends	26.4
• Increase of the teachers' workload and capacity of groups in secondary special educational institutions	124.1
Total	5,077.4

Republic's budget	
• Saving on account of optimization of the network according to the Government Resolution No. 256 of 24 March 1998	74.4
• Saving from the increase of the workload of professorial and teaching staff of higher-education institutions	42.7
• Saving from installation of devices registering operation of central-heating system	237.8
• Saving from release of excessive spaces of the material base	90.9
• Saving from installation of autonomous boiler-rooms	50.0
• Saving from holding tenders (textbooks, medicaments)	109.4
• Saving in administration	1.06
• Sum total of restored, illegally spent funds, revealed in a result of check-ups of financial and economic activity	10.9
Total	617.16
Total on education	5.724.56

These results are directly connected with transition to normative financing of education on the basis of expenditure per student. The Ministry has at present devised methods and calculated conjectural expenditures by all types and forms of training.

Proceeding from these calculations, norms and standards for the social sphere were determined which are to be used for the budget preparation, realization of privatization and infrastructure optimization programmes.

Expenditure per student is the most significant aggregative financial indicator for a clear view of the quality of the education system.

Judging from statistical data, the high quality level of education has been preserved. The government spent, for the maintenance of one pupil in a general education school, 9,040 tenges in 1996, 15,101 tenges in 1997, 14,151 tenges in 1998 and 15,023 tenges in 1999.

Starting from 1997, when making estimates of expenditure for pre-school institutions, it is permitted to employ alternative funding sources for this group of educational institutions, especially those for children under five years of age, in order to concentrate limited budgetary resources on training children of five-six years of age for the purpose of their complete inclusion into the continuous educational cycle. At the same time, the complete transfer of pre-school institutions to a self-supporting basis is not implied. Budgetary financing of training of children aged five-seven years inclusive, is preserved. However, financing of educational programmes for children under five years is considerably reduced. The average expenditure per child at pre-school institutions in 1996 was 17,229 tenges; 16,930 tenges in 1997; 23,126 tenges in 1998; and 19,060 tenges in 1999.

Expenditure on professional education according to the 1998 budget amounted to 2,166.5 million tenges. Expenditure for out-of-school institutions was calculated at 1,064.5 million tenges.

The proportion of expenditure for education was 3.5 per cent of GDP in 1992; 4.3 per cent in 1997; 3.79 per cent in 1998; 3.81 per cent in 1999. The proportion of expenditure for pre-school education in 1994 was 11.7 per cent; for general education schools 48.1 per cent; for professional schools 9.5 per cent; for colleges 7.1 per cent; for higher education institutions 11.2 per cent. In 1998 these figures were, respectively, 5.7 per cent, 65.3 per cent, 3.3 per cent, 6.1 per cent, 14.2 per cent. Nearly all public expenditure for pre-school education, general secondary education, primary and secondary professional education (over 90 per cent) was realized at the local level.

Kazakhstan is going through an epoch-making stage of its development, the stage of the new market relations evolution, and is proceeding rather painfully at times.

The optimization programme has resulted in the situation where the proportion of public institutions, particularly of pre-school and out-of-school institutions, within the structure of the education system, has considerably decreased, the status of primary and secondary professional education has been reduced, and the material-and-technical basis of educational institutions has not been replenished and renewed for a number of years.

Optimization of educational institutions, which was not well thought-out, brought a number of problems to the forefront: personnel fluidity, unemployment, and mass outflow of specialists from the educational sphere. This resulted in negative after-effects from the change of education content: the basic curricula were cut down, other normative documents were infringed.

In the course of the transitional period, expenditure on education was steadily curtailed. Thus, educational expenditure per student in Kazakhstan equals US$ 97; in Russia US$ 239, in USA US$ 5,735. Educational expenditure per pupil of a pre-school institution in Kazakhstan is half that for a pupil in Russia. Such a trend of educational-expenditure reduction was first observed in 1991-1994 and preserved in 1998. The funds allotted for education cover no more than 57 per cent of the requirement.

A considerable disparity in expenditure per student among regions, cities and villages, as well as among different levels of education, is observed. On a level with objective factors, there is a considerable measure of subjectivism, together with historically established traditions.

Distribution of the allotted funds the expenditure items represents a complicated problem of financing. In the majority of states, wages account for 75-80 per cent of total expenditure (in the former USSR, 80 per cent in 1970-1980). During recent years, expenditure on public utilities has grown sharply. At the same time, for lack of funds, major and minor repairs, purchase of equipment, teaching implements and other necessities are practically unrealizable.

Starting from July 1994, allocations to educational institutions were allotted mainly for wages, stipends and meals, and not in full.

It should be noted that construction of school and pre-school institutions during the transitional period was steadily decreasing. In 1992, 110 schools for 43,000 pupils were put into operation; in 1993, 58 schools for 21,000 pupils; in 1994, 13 schools for 6,000 pupils; in 1995, not a single one.

In connection with the transition to a market economy and difficulties in mutual financial accounting within the republic and also outside it, construction of educational institutions and their provision with teaching equipment, visual aids, furniture, chemical reagents and other kinds of teaching products, has sharply decreased.

A number of measures directed at the solution of the above problems were taken. In 1998 it was possible to find an extra 1.3 billion tenges. During this period, the operation was renewed of 46 schools, 17 pre-school institutions, 29 out-of-school institutions, 3 boarding-schools, 14 attached boarding schools and 20 night schools.

2. Analysis of the education system budget of the Republic of Kazakhstan at the present stage

The state budget allocations for education are subdivided into the republic and local budgets. The republic budget, in its turn, is divided among ministries and departments. Over two-thirds of the republic budgetary expenditure for education in 2000 fell on the Ministry of Education and Science of the Republic of Kazakhstan, confirmed in the analysis given in *Table 1*.

The state budget of the Ministry of Education and Science of the Republic of Kazakhstan amounted to 69.5 billion tenges in 1999, and was directed towards maintenance of over 9,000 institutions and organizations, including:

52 higher-education institutions;
171 secondary special education institutions;
7 republican specialized boarding schools;
8,009 general education schools;
279 primary professional schools;
41 orphanages;
529 out-of-school institutions, and others.

It should be noted that activity connected with innovations in the sphere of education has increased, new types of educational institutions, including non-formal ones, are developing, international connections and co-operation are being improved.

Educational institutions employ additional sources of funding, strengthening their economic base, together with social support of their staff and pupils. As well as major sources of educational financing from republic and local budgets, additional sources may include:

- funds of enterprises, organizations, public associations, foreign states and citizens, and private persons acting as founders or co-founders;
- income generated by educational institutions themselves (educational, consulting, scientific and research, publishing, production and other activities not prohibited by national legislation);
- dividends on bank deposits;
- funds turned over without compensation by enterprises, organizations, public foundations, private persons and other sponsors;
- credits on preferential terms;
- funds of juridical and private persons;
- tuition fees for training on a paid basis.

Financing of educational institutions is performed on the basis of the state norms, intended for every pupil of all types of educational institutions, proceeding from the principle of consecutive increase of expenditure per pupil.

The state guarantees the allotment of funds for education within the agreed proportions, providing priority, as well as protection, of respective budget expenditure items under inflation.

Employment of additional sources of funding does not entail reduction of the norms or the absolute volume of financing from the state budget.

Educational institutions, individual groups and teachers, working on the basis of pedagogical experiment, enjoy the right of additional funding according to the legislation.

Financial funds of educational institutions are not subject to withdrawal and taxation.

During the past three years, there has been a trend towards an increase in the republic budgetary allocations for education (*Table* 2).

The state budget educational expenditures during this period increased by 2.4 per cent from 67.9 billion tenges in 1997 to 69.5 billion tenges in 1999; the republic budget expenditures, by 16 per cent or 15 billion tenges.

Dynamics of education budget implementation in 1997-1999 is shown in *Table 3*. The analysis has revealed the improvement of educational financing compared to 1998. In 1998 the total amount of underfinancing of the education system from the state budget equalled 7.3 billion tenges; in 1999, this amount decreased to 3.2 billion.

The actual state education budget implementation in 1999 amounted to 95.6 per cent, including: the republic budget, 90.8 per cent; the local budgets, 96.5 per cent, which exceeded the level of the 1998 budget implementation by 4-5 per cent on the average. In 1999, the actual volumes of the education system financing increased, compared to 1998:

- the state budget, by 3.7 billion tenges;
- the local budgets, by 4.8 billion tenges.

According to the republic's budget, a reduction by 1 billion tenges of allocations for education took place in connection with the plan to cut down on enrolment of students at higher-education institutions, by state order, and optimization of the network of higher-education institutions.

The republic's central education budget in 1999 equalled 10.6 billion tenges, or 2.3 per cent of the state budget expenditure. The budget comes under the authority of more than 15 ministries and departments. Republic ministries finance higher-education institutions, colleges, and boarding schools. The volume of financing of the higher-education institutions of Kazakhstan during the past 10 years has increased 12-fold and reached 6.2 billion tenges, or 0.34 per cent of GDP. Of the budgetary allocations for higher-education institutions in 1999, 43 per cent goes towards wages (*Table 4*).

The approximate structure of expenditure per student of a higher-education institution is shown in *Table 5*. The unit cost of training one student in 1999, by specialties, is presented in *Table 6*. The unit cost of training one Ph.D. and one postgraduate student is given in *Table 7*. *Table 8* demonstrates the level of stipends of higher-education institutions' students in the Republic of Kazakhstan during the past years. Graduation of specialists of public civil higher-education institutions of the Republic of Kazakhstan, distribution of students by types of education, the structure of the state education budget expenditure in 1998-1999 are presented in Appendices 12, 13, 14.

The local budgets play a notable role in financing expenditure for education. The share of the local budgets amounted to 84.7 per cent of the total expenditure for education in 1999, the remaining 15.3 per cent (10.6 billion tenges) were funded from the republic's budget (*Table 2*).

Budgetary expenditures per pupil of a pre-school institution, per pupil of a general primary and secondary school, of a boarding school, of a professional and technical school, and of a secondary special education institution, are presented in *Tables 9* and *10*.

The local government bodies are in charge of the local budgets: there are over 16 city and regional territories.

Regional local government bodies in the educational sphere finance general education schools, pre-school and out-of-school institutions, centralized accounting departments and some secondary special institutions, applying the programme-based method of financing.

Analysis of the structure of expenditure from local budgets for education in the Republic of Kazakhstan shows that 87.8 per cent of the budgetary allocations for education is spent on Programme 20 'General Education at the Local Level', including financing of primary, basic and secondary schools: 82 per cent, secondary schools, boarding schools and schools with special routine: 5.8 per cent.

With a view to the rational use of budgetary funds of the education system, the Ministry has determined priority areas for the budgetary funding:

- development and introduction of the new curricula for secondary schools and their provision with textbooks;
- introduction of information technologies in schools;
- support of gifted children.

The state programme on the introduction of information technologies in the system of secondary education by priority spheres of financing, the target complex programme on preparation and publication of textbooks, and teaching and methodical complexes of the new generation and others were developed in 1999. The state budget for 1999 provided for both its own and the loan funds to cover the programmes' expenditure.

Analysis of the budget implementation on the aforementioned programmes for 1999 has shown that they were sufficiently funded:

- According to Programme 62 'Introduction of Informational Technologies in the System of Secondary Education at the Republic Level', 1,331 million tenges were allotted, credits were opened for 1,296 million tenges (97 per cent of the total sum, including state budgetary funds). A total of 347 million tenges out of the 382 million envisaged in the plan, or 91 per cent of the plan, were allotted; 949 million tenges or 100 per cent of the financing plan, were obtained from external loans.
- According to Programme 61 'Provision of Pupils of General Education Institutions with Textbooks', rated at 1,349,2 million tenges, credits were opened for 1076,3 million tenges or for 80 per cent of the total amount, including 737 million tenges of republic budgetary funds, compared to 819,4 million tenges (90 per cent) of the plan. A total of 339,3 million tenges was allotted to the account of external loans (against 529,8 million tenges of the financing plan, or 64 per cent).

The local government bodies allocate funds for education, public health, culture, etc. from their regional and city budgets' revenues. Educational expenditure in the structure of the local budgets amounted to 31 per cent of the total expenditure in 1999.

The volume of financing of educational expenditure is to be approved by deputies at the sessions of local 'maslyhats' (legislative authorities) within the limits of their authority and tax revenues. In some cases, due to non-implementation of the budget revenues, local 'akymats' (executive authorities) apply to the republic's governing bodies for allotment of a state subsidy or a loan to pay off debts.

Up to 1991, self-supporting industrial enterprises of the republic maintained, at their own expense, professional and technical schools, provided capital funds (premises), carried out repairs of day general education schools and night schools, and promoted the development of their economic base.

During recent years, owing to economic crises in the republic and recession in industrial production, the role of industrial enterprises in educational financing has sharply decreased. Many of them have turned their social establishments over to local administration bodies.

Expenditure by private persons (parents and families) on the education of their children is realized in the form of funds for repair of educational institutions, out-of-school activities, and fees for additional educational services in intensive training in certain subjects.

At present, higher and secondary special education institutions organize the contract (paid) groups of students and pupils; funds obtained from such educational services are directed, besides the wages, to repairs and payment for the public utilities.

Thus, higher and secondary special education institutions obtain considerable financial support, admitting students on a fee-paying basis.

Students' tuition fees amount on average to US$ 500-1,000 (or 70,000-140,000 tenges) a year. Higher-education institutions received in 1999 5 billion tenges (35 per cent of the republic's budget for education) for training students on a fee-paying basis.

External support is rendered in the form of humanitarian assistance, e.g. in the publication of textbooks, supply of paper and printing materials, construction of schools, training of students and pupils, establishment of joint educational institutions (higher-education institutions, schools) on an equal financial footing, improvement of skills, and introduction of information technologies in education.

The Ministry of Education, Culture and Public Health has developed a strategy of educational development in accordance with the Message of the President to the people of Kazakhstan 'Kazakhstan 2030'.

Implementation of the strategy was started in 1998 and went through several stages; the first stage (1998-2000) is one of the most important.

During the coming years we will be faced with the following problems in the system of education:

- for the purpose of preservation of pre-school education and provision of continuous education, to provide a legal basis for free and compulsory pre-school training of children aged five-six years;
- to balance the situation in the sphere of general secondary education, establishing an integral legal basis, covering all aspects of educational institutions' operation;
- to ensure the constitutional right of every citizen of the Republic of Kazakhstan to general secondary education.

The adopted Government Resolutions on 'Measures for the Realization of Compulsory Secondary Education', on 'Establishing the General Education Fund', on 'Education of Persons with Limited Potential in their Development and Training' are targeted at these goals.

For the purpose of creating an economic base and providing different sections of the population with equal opportunities in acquiring general secondary education, the following steps were taken:

- state minimum social standards and norms for financing individual students of pre-school, general secondary and primary professional education, ensuring accessibility, were introduced;

- a new approach was taken in the determination of volumes and purpose of educational expenditure in the structure of budgets of all levels and transition to purpose-built financing in the educational sphere was set in motion.

From 1999, the introduction of the new national educational pattern commenced, which provides for general secondary education as the basic level within the system of continuous education, comprising general secondary, primary and secondary professional education.

With that end in view, new Conceptions for each level of education have been developed, considering provision of continuity and succession, together with development of the state language. Publication of new textbooks and teaching aids has also been provided for.

The state programme on computerization of schools, with priority given to rural schools, will be set in motion.

The achievement of the conception of the financing of the higher-education system is on course, according to which state educational grants and stipends are given to gifted students from families with limited resources. The basis has been laid for the system of state educational credits, which will gradually become the major form of state education.

Chapter II
Reformation of the budgetary process in the Republic of Kazakhstan

1. The order of preparation, consideration and approval of the republic's budget

Law No. 357-1 of the Republic of Kazakhstan of 1 April 1999 on the 'Budgetary System' stipulates basic regulations for the preparation of the republic and local budgets, together making up the consolidated state budget.

The new system of budgeting commenced in 1999. All the extra-budgetary funds were included in the budget by the government, being created strictly in accordance with the special purpose of financing specific social and economic programmes.

State budget expenditure is elaborated in accordance with budgetary programmes, the funding of which, in turn, corresponds to the functions, aims and purposes of the state.

In 1999 the budgetary programmes were divided into programmes funded from local budgets and those funded from the republic's budget.

Thus, state budget expenditure is shared among republic and local budgets, as well as the powers of the republic and local executive bodies.

Estimation of the budgetary programmes has been realized through their classification according to the following three types:

- programmes on financing administrative expenditure separately by central and territorial bodies, marking out current and capital expenditure;
- programmes on maintenance of government institutions;
- programmes classified according to the principle of financing the services rendered according to the state order.

To develop the draft republic budget for a fiscal year, the President of the Republic of Kazakstan forms the Budgetary Committee, which, according to the parameters of the indicative plan of social and economic development of the Republic of Kazakhstan, forms and submits for the approval of the Government of the Republic of Kazakhstan, the following budgetary indicators:

- volumes of revenues of the republic budget, regional and city budgets of Astana and Almaty, financial funds (budgets) of special economic zones;
- limits of the republic budgetary expenditure and crediting by the functional groups and managers of the budgetary programmes;
- the volume of the republic budgetary deficit;
- the aggregative debt limit of local executive bodies.

Managers of the republic budgetary programmes, guided by the limits, submit their budgetary programmes to the Ministry of Finance in the form approved by it.

Regional and Astana and Almaty 'akyms' (heads of executive authorities) determine the list and the limits of the local budgetary programmes, according to the agreed guidelines of the Ministry of Finance, with the volume of revenues, debt limits and minimum amount of expenditure on particularly important local budgetary programmes.

The Ministry of Finance, in conformity with the budgetary indicators approved by the government, elaborates and submits to the Government of the Republic of Kazakhstan the Draft Law on the republic budget for the relevant fiscal year and the projected indicators of the state budget of the Republic of Kazakhstan for the forthcoming three years.

Following this, the Draft Law on the republic budget for the forthcoming fiscal year is submitted by the Government of the Republic of Kazakhstan to the Parliament of the Republic of Kazakhstan on 15 September, at the latest.

The Government of the Republic of Kazakhstan submits the projected indicators of the state budget for the forthcoming three-year period, together with the Draft Law on the republic budget for the next fiscal year.

The joint meeting of the Chambers of the Parliament adopts the republic budget and introduces corrigenda and addenda for consideration, first in 'Majilis'(lower chamber), and then, in the Senate.

Discussion covers official reports, authorized by the government, on the indicative plan of social and economic development of the Republic of Kazakhstan, of the Minister of Finance, the Chairman of the National Bank of the Republic of Kazakhstan, as well as officials authorized by the Chambers of the Parliament, with conclusions on the examined problem.

The republic budget for the forthcoming fiscal year is approved at the level of the republic budgetary programmes at the joint meeting of the Parliament Chambers, in no less than two readings and on 15 December of the current year, at the latest.

In the course of discussion of the republic budget for the forthcoming year, the Government of the Republic of Kazakhstan submits the estimates for the funds' allocation, at the level of sub-programmes, to the Parliament of the Republic of Kazakhstan.

If the Parliament does not adopt the Law on the republic budget for the following year before 15 December, the President of the Republic of

Kazakhstan has the right to issue a Decree on the 'Republic Financing Plan for the first quarter of the Forthcoming Fiscal Year', which will be in force until Parliament adopts the republic budget.

Specification of the republic budget in the course of its implementation is performed on the basis of proposals of the Government of the Republic of Kazakhstan, or other legislative statements.

Preparation of the local budgets is performed, on the basis of combined budgetary planning, in accordance with the budgetary classification, approved by the Ministry of Finance of the Republic of Kazakhstan.

Local representative bodies of the regions and of Astana and Almaty, within the period before 1 September, on the basis of the volumes of revenues and debt limits, completed by and agreed with the Ministry of Finance, develop the projects of the local budgets and submit the prognosis of the regional budgets and budgets of Astana and Almaty, as well as special funds (budgets) of special economic zones, to the Ministry of Finance of the Republic of Kazakhstan.

The resolution of 'maslyhat' on the local budget for the relevant fiscal year must include:

- volumes of revenues, official transfers, repayment of the principal debt on the credits given earlier from the local budgets, expenditure, the crediting and the budget deficit;
- norms of the revenues' distribution among regional and district (city) budgets, determined on the basis of approved stable norms;
- volume of reserves of local executive bodies;
- limits of the local executive body;
- volume of the local state environment protection fund;
- volume of expenditure for development of the special economic zone;

- the list of maximum expenditure by functional groups, by managers of local budgetary programmes and by programmes;
- the list of local budgetary programmes, which are not subject to sequestration in the process of implementation of the local budget for the relevant fiscal year.

Interference by the higher state and local executive bodies in the process of preparation and implementation of the subordinate budgets is not permitted, with the exception of cases stipulated by the Law of the Republic of Kazakhstan on the 'Budgetary System'.

Local executive bodies are prohibited from giving guarantees, bail, or taking over commitments for a third person.

'Akyms' of the regions, of Astana and Almaty, within a fortnight, at the latest, of the Law on the republic budget for the relevant fiscal year coming into effect, specify previously projected budget volumes and submit the draft regional budget, Astana and Almaty budgets, and financial funds (budgets) of special economic zones, to the respective 'maslyhat' for consideration, which must come to a decision on its approval within two weeks.

Within a two-week period, upon approval of the regional budget, district (city) 'akyms' submit the draft budgets to respective 'maslyhat' for consideration, which decide upon the budget approval within a fortnight.

Before the local budget is approved by respective 'maslyhats', the first quarter's budget implementation is realized within a quarter of the draft budget for the relevant fiscal year.

'Akyms' of the regions, of Astana and Almaty, within a one-week period upon budget approval by the district 'maslyhats', submit the data on the regional (city) budget, composed on the basis of approved local budgets, to the Ministry of Finance of the Republic of Kazakhstan.

For preparation of the republic education budget for the forthcoming fiscal year the public institutions managers of the republic budgetary programmes on education draw up, and submit to the Ministry of Finance of the Republic of Kazakhstan, budget applications, with substantiations and estimates, within the period of time determined by the government, according to the expenditure limits determined by the Budgetary Committee on preparation of the draft republic budget for the forthcoming fiscal year.

The Budgetary Committee defines the list of programmes not included in the republic budget expenditure limit, by functional groups and programme managers.

The public institutions managers of the programmes submit to the Ministry of Finance of the Republic of Kazakhstan the budgetary application for the forthcoming fiscal year, according to the specific form (*Appendix 16*). The total amount, indicated in the budgetary application, must not exceed the total expenditure limit of the public institution manager of the programmes, determined by the Budgetary Committee and completed by the Ministry of Finance of the Republic of Kazakhstan.

The budgetary application is presented to the Ministry of Finance with obligatory enclosure of appropriate substantiations and estimates.

Republic budgetary programmes can be goal-oriented and current. Goal-oriented programmes are those which are defined, by legal statements, as programmes seeking to achieve specific objectives, meeting the government development strategy for a long-term perspective, to be implemented with a specified period of time. Current budgetary programmes are intended to achieve current objectives of the Government of the Republic of Kazakhstan, meeting the functions of public institutions-managers of the programmes. Substantiations of the budgetary programmes are presented according to the specific forms (*Appendices 18, 19*).

Depending on the mode of financing of the republic budgetary programmes, the estimates are also made according to the specific forms (*Appendices 20, 21, 22*).

2. The new method of education system budget preparation

For the first time, the Ministry of a branch of industry was charged to prepare the budgetary application for 1999 for the state budget as a whole, including republic and local budgets. In this connection, the Ministry performed an enormous task to form an information base of local budgets, by regions, and by all budgetary programmes in the fields of education, health protection, culture and sports, and by local administration bodies. The total volume of this information base amounts to over 10,000 typewritten pages.

Later, within the framework of preparation of the Draft Law on the 'Republic budget for 1999', according to the decision of the Government of the Republic of Kazakhstan, a special Budgetary Committee of the government was set up, which introduced corrigenda to the Law on the 'Budgetary System in the Republic of Kazakhstan', and the old order of state budget preparation was reconsidered. The Ministry of Finance was charged with the task of allocation of the upper limit of the state budget within the volumes of the programmes, funded at the local level, in the regions and cities of Astana and Almaty, with regard to their application by the Ministry of a branch of the economy, within the limit.

The state budget expenditure of the Ministry is classified by functional groups and budgetary programmes. Division of budgetary programmes into programmes funded from the local budgets and those funded from the republic's budget was made.

Programmes on maintenance of budgetary institutions and programmes concerned with financing the services rendered in connection with the state order, were defined. Concepts of the 'state order' and of a 'public institution' were introduced.

As is generally known, a public institution is maintained at the expense of state budget funds and has the right to take on financial commitments only within the limits of set budgets.

Public organizations, not included in the list of public institutions, will perform certain services enjoying the right to extra-budgetary activity, that the state requires.

Within the educational sphere, secondary schools, boarding schools, professional and technical schools, and orphanages have been defined as public institutions.

In the state budget for 1999, the following expenditure items for the performance of state orders in the sphere of education, were stipulated:

- development of pre-school children;
- personnel training for secondary special education institutions;
- personnel retraining;
- introduction of information technologies in the secondary-education system;
- cultural activity intended for children to be funded according to the same specificity of the economic classification of expenditure for 1999.

The priorities in educational financing were defined as follows: ensuring the constitutional right of citizens to compulsory general secondary education, realized through the priority funding of programmes on maintenance of secondary schools, incomplete secondary schools, special schools, boarding schools, professional and technical schools. The state budget educational expenditure on these programmes, amounting to 72.7 billion tenges in 1999, including those funded by the local budget, exceeded the level of 1998 by 1.5 billion tenges.

The following changes in the budgetary programmes on educational financing have taken place. With a view to regulating the work with gifted children, the programme 'Daryn' has been subdivided into the programme 'Public Support of School Experiments' and 'Organization of School Olympiads', which account for 141.2 million tenges (176 million tenges in 1998).

The programme 'Provision with Textbooks at the Republic Level' envisages the expenditure for transportation of textbooks directly to schools; the Asian Development Bank has allocated 401.3 million tenges to this programme, the republic budget 1.2 billion tenges.

The programmes 'Personnel Training within the State Order Frameworks' and 'The Stipend of the President of the Republic of Kazakhstan, "Bolashak"' were replaced by the programme 'Personnel Training at Higher-Education Institutions at the Republic Level', with funding of 8.3 billion tenges, including expenditure for four sub-programmes:

- 'Personnel Training at Higher-Education Institutions within the Country' (completing education, 105.7 thousand students; newly admitted enrolment for 6.4 billion tenges);
- 'Personnel Training at Higher-Education Institutions within the Country according to the State Educational Order' (the state enrolment in 1999 for the amount of 174.0 million tenges);
- 'Personnel Training at Higher-Education Institutions Abroad' (completing education abroad for 209.6 million tenges);
- 'Personnel Training at the Kazakh State National University named after Al-Farabi'.

In addition, the upper limits of the programme 'Personnel Training at Higher-Education Institutions at the Republic Level' include expenditure of the International Kazakh-Turkish University and the National Academy of Music in Astana (from 1 January 1999) amounting to 735.4 million tenges.

According to the new Law of the Republic of Kazakhstan on 'Education', the new budgetary programmes were introduced: 'Personnel Training at Higher-Education Institutions within the Country according to the State Educational Credit' with funding of 200 million tenges (1999 enrolment), 'Personnel Training at Higher-Education Institutions Abroad according to the State Educational Credit' – 120 million tenges (1999 enrolment according to the programme 'Bolashak', Branch of Moscow Aircraft Institute 'Voshod', Moscow State University, cultural higher-education institutions of the Russian Federation).

An increase, by 106.9 per cent and 106.5 per cent, respectively, in the financing of the programme 'General Education at the Local Level' (schools, boarding schools, sports schools, special schools) and the programme 'Orphanages' is envisaged. Financing of primary professional education, night schools, republic boarding schools, and the programme 'Introduction of Informational Technologies in Secondary Education at the Local Level' is preserved at the level of the 1998 plan.

Expenditure envisaged for the implementation of the second stage of the state programme 'Introduction of Information Technologies in Secondary Schools at the Republic Level' amounted to 2.6 billion tenges, taking into consideration external loans for 1.3 billion tenges, which permitted computerization of 1,677 schools or 19.5 per cent of the total number of schools.

In accordance with the Laws of the Republic of Kazakhstan on 'Education' and on the 'Budgetary System of the Republic of Kazakhstan', the notions of 'educational grant', 'educational credit', and 'student credit' were introduced from 1999 (*Diagram 1*).

The educational grant is an earmarked sum of money, given to a student without compensation as a payment for education.

The educational grant is given by the state from the republic's budget to students admitted to higher-education institutions on a competitive basis by specialties included into the state educational order.

The list of such specialties and the number of enrolments according to the state order are to be approved yearly by the Government of the Republic of Kazakhstan, within the indicative plan for social and economic development of the country.

According to the Draft Budget for 1999, 174 million tenges were allotted for enrolment by educational grant. According to the estimates of the Ministry, 8,260 students (or 32 per cent of the 1998 enrolment) could be admitted to the lower-level higher-education institutions in the 1999-2000 academic year from this account, proceeding from the average yearly cost of training – 63.2 thousand tenges (21,000 tenges for four months of 1999), excluding stipends.

This expenditure, defining the amount of the educational grant per student, includes:

- wages of professorial, teaching and auxiliary staff, and managerial staff, estimated as the ratio of the number of students to one teacher (presently, the average norm is 1:8 for higher-education institutions; 1:4.5 for medical higher-education institutions) and the average wage rate of professorial and teaching staff in 1998, 9,020 tenges, taking into account inflation;
- wage increments;

- reimbursement of expenditure for public utilities, proceeding from the norms of training space of 10 square meters per student, which accounts for 6,526 tenges in the expenditure per student;
- expenditure for stipends and meals, envisaged within the content of the state educational grants, given to certain categories of citizens (orphans, children in charge of trustees).

An educational credit is a specific credit, given by the state to students for the payment of professional education.

An educational credit is given by the state from the credit resources account, envisaged in the republic's budget, on a repayable basis at preferential terms. The list of specialties and the volume of enrolment by educational credit is approved yearly by the Government of the Republic of Kazakhstan. The cost of training one student by educational credit cannot be lower than the cost of training by educational grant.

The draft republic budget for 1999 provided 200 million tenges for educational credit. This amount includes the student credit.

Students studying both via the state educational grant and educational credit, can obtain the student credit on an annual, repayable, basis. The amount of the student credit, according to its purpose, is to be no less than 4,000 tenges per month (threefold the stipend amount, with regard for inflation).

Therefore, 112 million tenges (4,000 tenges x 4 months x 7,000 students) were required for defrayment of expenses on student credits in 1999, regarding provision of 84 per cent of students, admitted by educational grants, with these credits.

A total of 88 million tenges out of the credit amount (200 million tenges minus 112 million tenges) could be directed to the payment for training and admittance of 4,174 students in 1999-2000, on condition of payment for four months, and 1,392 students, provided the payment was effected in the form of a lump sum for the whole academic year.

In this connection, redistribution of financial resources among the programmes was conducted; the funding of the programme, by state educational order, was raised to 300 million tenges to the account of reduction of funding by educational credit.

3. The order of the education system budgetary funds distribution by regions

The Ministry of Education and Science undertakes the enormous task of collecting and putting in due order the budgetary applications of the regions and cities of Astana and Almaty, by subordinate educational organizations.

On the basis of analysis and generalization of the received budgetary applications, the Ministry of Education and Science draws up the budgetary application within the set limits, by region.

The expenditure of the draft state budget for 1999, for implementation of the state order in the sphere of education, provided for development of children of pre-school age, personnel training at secondary professional education institutions, personnel retraining, introduction of information technologies in the system of secondary education at local level, general secondary education for adults, cultural activity for children at the local level, to be financed in accordance with the same classification of expenditure as for 1998.

Total defrayment of the running costs from the state budget is provided for the institutions, funded within the frameworks of the following programmes:

'General Education at the Local Level';
'Professional and Technical Education';
'Provision of Educational Organizations with Accounting Services at the Local Level';
'Social Security of Children'.

Financing of the institutions, maintained from state budget funds, is performed according to classification of expenditure for 1999, defined according to need.

It should be noted that revenues from the provision of paid services rendered by public educational organizations, funded from the local budgets, with the exception of schools and boarding schools, are included in the non-taxable revenues making up the local budgets' receipts. In other words, revenues from educational services, rendered by educational institutions, with the exception of the institutions funded according to the programmes 'General Education at the Local Level' and 'Professional and Technical Education', go into the local budgets.

In connection with the fact that the main function of pre-school education is the preparation of children for school, expenditure for compulsory pre-school training of children aged five-six years within the general education programme is included in the volume of expenditure for general secondary education.

The proportion of Kazakhstan's budget, allotted for the training of pre-school children is not large and disproportionate to the total share for this group of the population. For example, in 1999 the budget for pre-school education amounted to 3.2 per cent of the education budget, while children of pre-school age accounted for about 9 per cent of the population. Moreover, in the sphere of financing of educational levels, financing in favour of schools other than for pre-school education, is disproportionately high. This trend is well observed in *Table 3*.

Such financing of pre-school education will hamper and, in some regions, not allow implementation of the government's decision on compulsory and free pre-school training. The Government of the Republic of Kazakhstan, recognizing the priority of pre-school education, must undertake measures to increase expenditure for the pre-school development of children, by means of redistribution of funds within the education system.

In addition, the draft budget for 1999 provided for allocations in connection with the programme 'Development of Pre-school Children'. Local executive bodies were advised to finance, in priority order, sanatorium-type kindergartens (groups) for children with different manifestations of tuberculosis, and with hearing, speech, eyesight and intellect disorders. This was connected, on the one hand, with the necessity to provide conditions for medical treatment, social adaptation and correction of the development disorders, and, on the other hand, with the strict budgetary limitations in 1999.

Thus, the combined local budgets provided 700,000,000 tenges for the above-mentioned purposes, including, by region:

Acmolin - 12,275,000 tenges;
Actobe - 7,401,000 tenges;
Almaty - 8,675,000 tenges;
Atyraus - 28,797,000 tenges;
Eastern Kazakhstan - 46,408,000 tenges;
Jambyl - 23,232,000 tenges;
Western Kazakhstan - 18,278,000 tenges;
Karaganda - 80,623,000 tenges;
Kzyl-Orda - 64,000,000 tenges;
Kostanai - 45,100,000 tenges;
Mangystaus - 45,829,000 tenges;
Pavlodar - 90,133,000 tenges;

Northern Kazakhstan	-	25,791,000 tenges;
Southern Kazakhstan	-	52,400,000 tenges;
City of Almaty	-	107,991,000 tenges;
City of Astana	-	43,067,000 tenges.

Financing of general education at the local level was increased by 20 per cent compared to the expected total expenditure of the local budgets in 1998. The amount of funds on this programme should not be less than 46,208,696,000 tenges, including by the regions:

Acmolin	-	2,046,852,000 tenges;
Actobe	-	2,032,134,000 tenges;
Almaty	-	4,857,350,000 tenges;
Atyraus	-	1,603,168,000 tenges;
Eastern Kazakhstan	-	5,318,554,000 tenges;
Jambyl	-	2,619,854,000 tenges;
Western Kazakhstan	-	2,265,422,000 tenges;
Karaganda	-	4,313,102,000 tenges;
Kzyl-Orda	-	2,156,923,000 tenges;
Kostanai	-	3,002,873,000 tenges;
Mangystaus	-	1,059,796,000 tenges;
Pavlodar	-	2,928,724,000 tenges;
Northern Kazakhstan	-	3,641,636,000 tenges;
Southern Kazakhstan	-	4,026,437,000 tenges;
City of Almaty	-	3,799,435,000 tenges;
City of Astana	-	536,455,000 tenges.

In connection with the fact that activity of the regions and the cities of Astana and Almaty departments of education, institutes of advanced training of teachers, as well as methodological offices, is duplicated in practice, the

Budgetary Committee came to the decision according to which, under the 1999 budget, functions of regional, city and district educational methodological offices were turned over to regional, city and district educational departments and regional institutes, and courses of advanced training of teachers, with a view to the rational application of budgetary funds.

Financing of personnel training at secondary special education institutions in 1999 is performed on the basis of the state order; the volume of the budgetary funds is determined taking into account regional demands for specialists with secondary professional education. The rate of students' stipends, trained on the state order basis, is 80 per cent of that of the students of higher-education institutions (the rates of stipend: set from 1 January 1999 – 1,420 tenges; from 1 April – 1,520 tenges; from 1 September – 1,555 tenges).

Expenditure for specialists, trained at higher-education institutions to the account of local budgets, cannot be calculated, since the principle of the state order is assumed as the financing basis of personnel training, and allocations to a ministry of a branch of the economy for the above purpose are envisaged only in the republic's budget. Expenditure for this purpose is defined proceeding from educational expenses per student and the total number of students required by the system's projections.

4. Funding of wage bill of educational staff

In accordance with Decision No. 170 of the Kazakhstan Government of 6 February 1997 on 'Improvement of remuneration of civil servants in Kazakhstan', on 1 January 1997, all the economic sectors adopted a new procedure of remuneration, considering new staff remuneration grades (coefficients) in the range from 1 to 4.24.

The Ministry of Education, Health and Culture (later transformed into the Ministry of Education and Science) jointly with the Ministry of Finance, the Ministry of Labour and the Ministry of Social Protection, prepared and approved Instruction No. 331 of 14 August 1997, on remuneration of educational staff. According to this Instruction, an educational staff member is awarded with a category and a rank, subject to his/her education, experience, science degree and title.

The grades of remuneration for educational staff are determined on the basis of Decision No. 42 of the Ministry of Labour of Kazakhstan of 10 September 1993 on 'Determining grades and categories of educational staff'. Teacher salaries are calculated by multiplying a minimal wage of civil servants, which is approved by legislation, by the corresponding coefficient.

The remuneration of educational staff is determined in accordance with Kazakhstan's legislation on the status of civil servants.

Budget expenditure on salaries of pedagogical staff of public education institutions is approved by central executive bodies of the education system, in agreement with the Ministry of Labour. The salaries of staff of public educational institutions are determined in accordance with their qualifications and duties. The state educational institutions have the right to determine themselves the amounts of bonuses, allowances and other rewards within the allocated resources, as well as within the income from fee-paying services. The payment of bonuses can be made only in the absence of arrears in the payment of basic salaries.

In accordance with a new Law on Education of 7 June 1999, teachers receive additional payments for Doctorate or Candidate degrees confirmed by diplomas of the attestation committee of Kazakhstan. These payments are equal to a month's minimum wage for the Candidate degree and to two-months' salary for the Doctorate degree.

The statutory weekly workload for teaching staff of public education institutions is determined as follows:

- A total of 20 hours or less – for the lower level of general primary and secondary education.
- A total of 18 hours or less – for the basic and upper levels of general primary and secondary education, for primary vocational and secondary vocational education.
- A total of 24 hours or less – for pre-primary education.
- A total of 18 hours or less – for informal education (24 hours for sport schools).
- The total number of professors and teachers in public higher-education institutions is determined on the basis of formula funding depending on the so-called 'state order for specialists financed through state educational grants' and the number of other students financed through educational loans. The prescribed norms are as follows: average student/teacher ratio (average number of students per teacher) – 8:1 for daytime education, 16:1 for evening education and 32:1 for education by correspondence.

Statutory workload for public education is approved by the Government of Kazakhstan upon presentation by central educational executive bodies within the limits determined by the Law on Education.

In accordance with this Law, the Ministry of Education and Science increased the statutory weekly workload in order to allocate budgetary sources effectively. In addition, certain bonuses and allowances have been discontinued in order to avoid increases in debt and arrears.

At the same time, according to Decision No. 1876 of the Government of Kazakhstan, of 7 December 1999, the remuneration increased of personnel at educational institutions located in rural areas or in areas of ecological risk. Bonuses are granted for such additional duties as school management, checking of written homework, intensive teaching of certain subjects, etc. Payments made by educational institutions from their own resources are determined by the institutions themselves. The of teaching staff of private educational institutions is determined by their shareholders or managers.

The expenditure on teacher salaries at general primary and secondary schools is estimated on the basis of the number of teaching positions and the average monthly remuneration. The number of teaching positions per class is determined in accordance with the teaching plan. At 'special secondary' institutions, expenditure for teacher salaries is estimated on the basis of average annual number of classes/groups, number of teaching hours per position and average cost per teaching hour.

The remuneration of non-teaching (administrative and supporting) staff is established on the basis of the Unified Framework of Remuneration for civil servants.

The average monthly salary of teaching staff at general primary and secondary schools was 5,674 tenges in 1997; 6,383 tenges in 1998; 6,942 tenges in 1999 and 7,142 tenges in 2000.

The average monthly salaries of educational staff of different categories in 1999 are presented in *Table 14*. The method of calculating the average salaries of teachers is presented in *Table 15*. The analysis of evolution of expenditure for general primary and secondary education between 1995 and 1999 (*Table 16*) shows a 2.3-fold growth of educational expenditure and a 2.6-fold growth of wage-bill expenditure (from 13,319 million tenges in 1995 to 34,166 million tenges in 1999).

5. Budget implementation and mechanisms of control over budgetary expenditure

The implementation of the education budget is ensured by the Ministry of Education and Science of Kazakhstan.

Public education institutions release funds within the limits (ceilings) approved by the warrant-holder and authorized by the Treasury Committee of the Ministry of Finance. The Ministry of Finance has a right to suspend or discontinue financing in case of misuse of the allocated funds. In this case current financing of the specified category of expenditure is reduced by the amount of resources that was spent for non-authorized purposes. Another alternative is to demand payments from juridical and physical persons who spent the budget resources for the purposes that had violated the treasury authorizations.

The funds released by public education institutions should not exceed the budgetary allocations established by budgetary legislation for the given fiscal year. Public education institutions are obliged to present to the Ministry of Finance and to the Committee of Auditing by the date fixed all the necessary information for preparation of reports on implementation of the republic's budget.

In the process of budget implementation the Kazakh Government has a right to make adjustments to the list of state organizations which execute the programmes within the expenditure limits approved by the Law on the republic's budget for the current fiscal year. These adjustments take place in accordance with the strategies, programmes, projects and other activities related to the changing structure and functions of the state bodies and agencies. Other adjustments may take place because of the critical need to compensate for the current deficit of the state budget for social sectors.

Public education institutions funded from the local budget are not allowed to use the central budgetary funds. Local executive bodies should ensure the implementation of the education budget of related administrative and territorial units, and effective and formula-funded budgetary expenditure.

The budgetary management of the accounts of local budgets and of public organizations funded from the local budgets, as well as transfers of funds, are executed by the treasury bodies of the Ministry of Finance by the financial authorization of local executive bodies. These local executive bodies have the right to discontinue and suspend financing in case of misuse of allocated funds.

If, in the process of educational budget implementation, local executive bodies adopt legal decisions which stipulate the increase of already-approved expenditure, or the decrease in the income of the local budgets, this difference should be negotiated and covered from the upper administrative-level budget. However, in practice, there are rare approvals of extra expenditure and therefore nil budget allocations are planned or actually take place for this purpose. Public education institutions which are funded from the republic's budget are not allowed to be funded from local budgets.

According to the current budget legislation (which is unique and unusual for the former Soviet Union countries), all unspent amounts of allocated expenditure at the beginning of the new fiscal year, or the amounts of additional extra-budgetary resources for the last quarter of the previous fiscal year, can be maintained by local budgets until the end of the current fiscal year.

In cases where the budget deficit increases, or the amount of receipts is lower than planned, there is an adjustment made through budgetary cuts. The decisions on budgetary cuts, on each programme, which do not exceed 10 per cent are made by the Government of Kazakhstan and by local executive bodies. Execution of budgetary cuts which exceed 10 per cent requires adjustments in the Law on Budget and in the respective decisions of *Maslikats*. The programmes which are protected from cuts are determined by the Parliament of Kazakhstan and by the local authorities under the Law and other legal budgetary decisions for the given year. Regulations on financial procedures for budget implementation, and on classification and forms of accounting and reporting (periodic and annual) by public education institutions financed from the central budget are established by the Kazakh Government.

In order to assist central and local government bodies in the preparation of the state orders (i.e. required number of qualified personnel estimated according to government projections), the Government of Kazakhstan adopted Instruction No. 1314 of 22 December 1998, on elaboration of standard regulations on the state order financed from the republic's budget. These regulations are established by each central and local government body autonomously, separately for each programme (sub-programme).

These regulations should include:

- general information;
- content of the programme (sub-programme);
- allocation of state orders;
- criteria of execution of state orders.

The content of a programme includes description of all activities and services required for the fulfilment of a given programme (sub-programme), as well as criteria for estimation of expenditure necessary for each programme.

The state order is distributed on the basis of competition and tenders. Contenders for the state order present, competitively, their quotations and estimates, which include:

- information which confirms their qualifications;
- technical and qualitative characteristics, the volume of works and services, additional services, timetable of execution of the order;
- budget requirements for works and services and calculations on each category of economic classification according to the methodology and reporting forms determined by the Ministry of Finance.

In addition, the regulations contain the criteria of qualified execution of the state order. The release of budgetary funds during the financial year, as well as opening and closing of budgetary accounts of public education institutions are determined by the Ministry of Finance of Kazakhstan. The main conditions and regulations of financing of state orders for public bodies responsible for programmes from the central (republic) and local budgets in 1999 were established on the basis of Regulations of financing of state orders. Financing of the state order is executed from the central and local budget for the relevant fiscal year.

In order to fulfil programmes on the basis of the state order, a public body responsible for the programme (the body receiving the graduates' employer) signs a contract with juridical or physical persons (executing bodies). The contracts can be concluded between the regional departments of the public bodies responsible for the republic's programmes and executing bodies with the aim of fulfilling the state order financed from the central budget. All the transactions on the fulfilment of the state order should be registered at the regional treasuries of the Ministry of Finance in conformity with government Decision No. 1336 of 25 December 1998 on 'Measures aimed at preventing the increase of debts of state organizations'.

The programmes (sub-programmes) financed on the basis of the state order can be divided into two groups: those which are financed according to the volume of accomplished activities (services) and those which are financed according to the unit cost of the state order.

During the first stage, the cost of the contracts on fulfilment of the programmes (sub-programmes) financed from the republic's budget should not exceed 70 per cent of the annual volume of these programmes. At the next stage, after spending these funds, additional contracts for the rest of the annual budget estimates for these programmes (sub-programmes) are concluded in conformity with the established financial procedures of implementation of the republic's budget. The contracts for fulfilment of state orders on the programmes (sub-programmes) financed from local budgets, are concluded within the limits established by the *Akims* of the regions (cities of Astana and Almaty).

The contract is concluded for the fiscal year in question. In case of adjustment of the republic and local budgets, the contracts should be re-registered in the treasury. If the contracts for fulfilment of a given programme (sub-programme) are concluded with several executing bodies, the final cost of the contract should not exceed the budgetary estimates for this programme (sub-programme).

The contract for fulfilment of the state order should include:

- the volume of accomplished activities (services) in quantitative and cost dimensions;
- preparation and presentation of an Act on accomplished activities (services) to the treasury in the case of the first group (priority) of programmes (sub-programmes), and of the estimates of actual volume and quantity of units in the case of the second group (auxiliary) of programmes (sub-programmes);
- penalties for non-fulfilment of the contract.

The Act on accomplished activities (services) (first group of programmes) and estimates of actual volume and quantity of units (second group of programmes) should contain:

- the name of the employer and of the executing body;
- the total cost of accomplished activities (services);
- the cost of the advance payment transferred to the account of the executing body;
- earlier advance payments for the accomplished activities (services);
- the types of accomplished activities (services) with indication of their volumes for the first group of programmes, and of actual quantity of units for the second group of programmes for the given period of time in physical estimates;
- the cost of actual expenditure of the executing body;

- the sum which is required to be transferred to the executing body, including the advance, which should not exceed the budgetary estimates for a corresponding month;
- signatures of employers and of executing bodies.

The payments upon the fulfilment of the state order are transferred to bank accounts of the executing body directly, or are made through the treasury of the Ministry of Finance. Advance payments by each employer to the executing body, which are made from the central (republic) or local budgets, should not exceed the budgetary allocations for every month of relevant fiscal years of the central (republic) and local budgets.

The regional treasuries transfer funds from the bank account of the public body responsible for the programme (in charge of budget allocations for all levels) to the account of the executing body within the framework of the state orders scheme. The Acts on accomplished activities (services) serve as justifications for payment orders in the case of the first group of programmes (sub-programmes), or the estimates of actual volume and quantity of units in the case of the second group of programmes. Payment orders should contain the number and date of the protocol on the results of competition according to the Instruction regulating the state purchase of goods and services, approved by government Decision No. 1268 of 10 December 1998. Payment orders should also contain the number and the date of the contract and the number of obligation of the state organization. During the period of closing the accounts, all payment operations (transfers) concerning implementation for the previous financial year should be consolidated and classified.

The annual report on implementation of the republic's budget containing justifications and appendices, as well as the report on fulfilment of the priority programmes approved by the Law on the republic's budget and financed from local budgets of regions and the cities of Astana and Almaty, are presented by the government to the Parliament of Kazakhstan and to the Auditing Committee by 1 July of the following year.

The Ministry of Finance presents monthly and quarterly reports on government debt payments and on implementation of the republic's budget at the level of sub-programmes. Control over preparation and adoption of budgetary estimates for public education institutions financed from the central budget, as well as release of funds upon authorization of the Treasury, are undertaken by the Ministry of Finance and its regional departments. Control over the implementation of the republic's budget is assumed by the Auditing Committee.

Control over preparation and adoption of the budgetary estimates for state organizations financed from local budgets, as well as budgetary expenditure in accordance with financial authorization, are undertaken by local executive bodies. The control over preparation and implementation of local budgets is executed by the inspection commissions of local authorities of respective levels, as well as by the Ministry of Finance and its regional departments, upon obligatory informing of corresponding local authorities and local executive bodies.

The order and periodicity of revisions and control over funding from the central (republic) and local budgets are determined by the Ministry of Finance, as well as by the local authorities in conformity with Kazakhstan's legislation.

6. Organization of an effective legal basis for the education system

The activities of public education institutions and local authorities in 1999 were aimed at full coverage of children of school age with compulsory general primary and secondary education, implementation of the Laws on Education and on Languages in Kazakhstan, computerization of general primary and secondary education and introduction of a new generation of textbooks. The sum of 197 million tenges which was allocated in the first half of the year for computerization of general primary and secondary schools, was directed to payment for the installation of computers in 450 schools of the republic in 1998. As a result of the adoption of the new Law on Education, the legal basis of the education system is being improved. Particularly in order to regulate the admission of students to public higher-education institutions, and to provide equal access to higher education for all sections of the population, the government adopted decisions on 'New model of admission to public higher-education institutions' and on 'Approval of state order on training specialists at higher-education institutions in 1999-2000'.

The proposed new model of the national education system of Kazakhstan is oriented, first of all, to the achievement of a high level of education and upbringing of young people, and to the training of highly qualified specialists with a new mentality and an enhanced civic spirit. These proposals lay foundations for a new stage in the reform of the Kazakh education system. Resolving these issues should be based on the employment of effective methodical, scientific, technical and financial means. It should take into account the current political and economic situation of the republic, international aspects and the process of integration into the international community. At the same time, the introduction of a new model of the public education system requires an adequate legal base.

The republic's legislation, which in the past played an important role in the formation of the sovereign state of Kazakhstan, could not provide further development of the education system. Moreover, it impeded the introduction of innovations in this important social sector and prevented integration of Kazakhstan into the international educational community. The numerous decisions (11 in total) on education created difficulties for practical application of the former Laws on Education and on Higher Education which were adopted in 1992 and in 1993 respectively. Moreover, the former educational norms were controversial and did not correspond to other recently adopted laws.

Many clauses of the former Laws on Education and on Higher Education did not correspond to the new economic and political situation of the country. In particular, such issues as recruitment of teachers on a competitive basis, irrespective of the type of educational institution, with the ensuing signing of the contract; recruitment of graduates from higher-education institutions and colleges; workload of teachers, financial aid to teachers and students for purchase of textbooks and teaching materials; compensatory payments to parents for their children's upbringing in the family, and others, were not considered in the decisions. Creation and functioning of religious and foreign education institutions (joint ventures) were not covered by these laws either.

There was a requirement for an improvement of the legal base of education, the elaboration of a new Law on Education which would reflect unity and continuity of the national education system. The new Law on Education, which was adopted in 1999, meets the demands both of an individual and of a democratic state with a market economy. It is based on international norms and standards of quality of education and on the international criteria for provision and functioning of the education system.

It is aimed at realization of the long-term strategy of education development, restoration of the prestige of education and intellectual activities, academic mobility of students and teachers, and integration of education into the international educational community.

In accordance with the strategy 'Kazakhstan-2030', the education system became one of the state priorities. The government should provide the following measures for the priority development of education:

- sufficient and stable state financing of the education system, introduction of new financial methods for the functioning of the education system;
- concrete measures on preventing further decline of the educational level of the population, improvement of access to higher education;

- modernization and development of the economic base of education;
- privatization of state property of public education institutions;
- extension of rights and privileges of teachers and students; providing students with educational loans;
- improvement of remuneration of educational staff on a differential basis which would improve their proficiency;
- raising prestige of education by introduction of bonuses and other incentives for persons with higher levels of education;
- introduction of preferential taxes for educational institutions; development of sponsorship.

These measures, on the one hand, reflect the priority of education and create conditions for stable and constant development of the education system and, on the other, stimulate the desire for education and raise the prestige of intellectual activities that, in turn, stimulate the cultural, scientific and economic development of the country.

However, these measures will be effective only if the right of the population to education becomes a legal requirement related to development of the education system. So far, the notion of an education system has not been properly defined. As a result, the goals of the education system have been confused with the goals of education itself. For this reason, it is necessary to define all the elements of the education system, their functions and mechanism of achievement of their goals. The classification of the types and levels of education, as well as the types of educational institutions, should be based on the educational programmes. Sometimes, the notion of a ‘public education system’ is wrongly used in the sense of an ‘education system of Kazakhstan’, because private education has not been legalized as an element of the unified education system of the country. At present, 111 private higher-education institutions play an important role in providing access for general secondary education graduates to higher education.

It is essential to install a single legal basis for private and public education institutions which should correspond to standard educational norms within the united education system of Kazakhstan. It is imperative to legalize the state order on a competitive basis for training specialists according to the chosen professional profile. The graduates from public and private education institutions should have equal rights for employment or admission to educational institutions of the next level.

Training at educational institutions is aimed at the extension of knowledge of students and based on educational standards which require constant improvement. In particular, three languages of instruction (Kazakh, Russian and a foreign language); computerization of education; as well as educational, scientific and industrial interaction should be introduced. At present, the organization of apprenticeship for students is not satisfactory. For this reason, organizations and enterprises of Kazakhstan, irrespective of their level or type, should provide educational institutions with basic structures for apprenticeship.

The professional level of students depends on admission regulations. The categories of the population which are exempt from the entrance examination should be reduced. The main criterion for admission should be the level of knowledge; at the same time, orphans and handicapped children should be admitted without examination. At present, Kazakhs with foreign citizenship have the right to receive education on an equal basis with Kazakh citizens. This right needs to be confirmed by Law.

The new legislation on education should ensure the decentralization of educational management and the democratic foundations of education itself. Long-term state educational programmes should become the tool for implementation of the educational policy of Kazakhstan and for innovations in educational management and financing.

The competences of all executive bodies responsible for the state educational policy, the responsibilities of non-government organizations and other stakeholders should be well defined. The right of educational institutions to autonomously solve managerial, teaching, curriculum, research, financial and other issues should be confirmed by the Law. The procedures of assignment of the heads of educational institutions should be diversified (elections, contracts, etc.).

At the same time, the democratic foundations of the education system should be combined with strict control over the quality of education and over establishment of legal responsibility for all elements of the education process. One of the main means of control over the quality of education and fulfilment of the state educational standards, is a periodic state attestation of all the educational institutions. Public control through independent auditing firms is also important. In the case of low levels of student knowledge, the responsibility of educational institutions and their heads should be postulated by the Law.

At present, the number of international educational institutions, and of branches of foreign institutions, in Kazakhstan is growing. A legal basis for their functioning and for control over their activities and their credentials should be created. Their diplomas and degrees should be validated. This could be done through international agreements, licences and attestation according to the Kazakh legislation.

These and other conceptual issues which are included in the new unified Law of Education of Kazakhstan reflect new realities and perspectives of the development of Kazakhstan according to the strategic programme 'Kazakhstan-2030'. The legal norms of this Law are aimed at realization of radical reforms of the education system in conformity with its specifics and world tendencies.

In the field of general primary and secondary and professional education, the reforms aimed at provision of free universal general primary and secondary education at public schools will be continued in 2000. For this purpose:

- all the accompanying Acts in addition to the Law on Education will be adopted;
- preparation of a new generation of textbooks and of a new curriculum for gifted children, as well as computerization of general primary and secondary schools, will be accomplished;
- retail sale of textbooks will be introduced; however, children from low-income families, as well as orphans, will be provided with free textbooks; school libraries' funds will also benefit from a 10 per cent reduction in the price of textbooks;
- state educational standards will be introduced;
- educational management will be decentralized; the rights of school principals will be extended;
- the patterns and regulations on educational financing will be reviewed.

On the basis of the new Law on Education and within the national education system of Kazakhstan:

- a new procedure of admission to educational institutions, irrespective of the level or type, will be elaborated;
- a system of state grants and loans for higher education and professional education students will be introduced;
- the real demand in specialists graduated from higher, 'special secondary' and professional education institutions will be evaluated;
- the rating (ranking) of higher-education institutions in accordance with international educational standards will be introduced;
- privatization of educational institutions will be continued.

Chapter III
Strategy of reforming the education system and its financing

1. Reforms of the education system at the beginning of the twenty-first century

The reforms of the education system in Kazakhstan started in 1992, although their effectiveness varied according to the social, political and economic situation in the country.

The first stage of the reforms was characterized by the adoption of the Law on Education, in 1992, and of a number of other decisions in the field of education. The second stage started in 1995 and was marked by a broad-scale restructuring and optimization of general primary and secondary education related to the introduction of a market economy.

Since 1999, the third stage has been under way, characterized by the preparation of a strategy of education development to 2030. The concept of education development for all levels of instruction, and the new Law on Education, are also in the process of implementation. The preparation of a new strategy of education development is necessitated by the new economic and political situation in the country. During the process of its preparation, it was taken into account that the current education system has advantages (academic achievements, link with research, unity of quality standards) which should be retained. At the same time, its centralization, lack of flexibility, and isolation from the international educational community impede its adaptation to a market economy.

Given that the education system prepares the labour force for the future, the strategy of education development should be aimed at the creation of a new education system in accordance with the new demands of the population and the labour market. The main goal of the first stage (1998-2000) of the strategy is elaboration and the beginning of implementation of a new education system, as well as preventing further decline of the educational level.

The main priorities of this stage are:

- Preparation of a new conceptual and legal basis for education. In 1999, the following documents were prepared: the concept of education development for all levels of education, the state educational programme, the new Law on Education of 7 June 1999, the government's Decision No. 464 of 24 April 1999, on a new procedure of admission to higher-education institutions, Decision No. 698 of 2 June 1999, on adoption of the state order for preparation of specialists with higher education degrees in 1999-2000, Decision No. 1018 of 20 June 1999, on government loans to students of higher-education institutions and Decision No. 1781 of 25 November 1999, on state educational grants.
- Planning and financing of higher education (defining a new state policy in the field of preparation of specialists in conformity with market demands; preparation of a new mechanism of budget financing; drawing new financial sources).
- Provision of new pedagogical staff and curricula for education, i.e. ensuring new textbooks and teaching materials (adaptation of teaching programmes to market needs; working out new state educational standards, improving staff qualifications; introducing new textbooks and a telecommunications network).
- Training of pedagogical staff of a new generation.
- Educational management (democratic foundations for decision-making, decentralization, working out effective mechanisms of licensing and attestation of higher-education institutions, elaboration of a new unified

national system of evaluation of educational quality, realization of the Lisbon Convention and the World Declaration on Higher Education).

The second stage of the strategy for education development will last from 2000 to 2010. Its goal is the creation of stable conditions for the functioning of the new national education system. Its priorities are:

- Improvement of the economic base and maintenance of the education system.
- Further development of the democratic foundations of higher education.
- Planning and financing of education with a view to increasing funds allocated for education.
- Provision of trained pedagogical staff and new curricula to higher education institutions. This will include development of staff, textbooks and teaching materials (a new generation of textbooks, a new system of attestation of pedagogical staff, gradual introduction of teaching by correspondence).

During the third (2010-2020) and the fourth (2020-2030) stages of the strategy, it is envisaged to develop a new national education system in conformity with the research and technological progress of the twenty-first century.

Thus, the priority tasks of the strategy on education development for the forthcoming periods are:

- Diversification of curricula.
- Reorganization of the education system.
- Modification of the content of education. This relates in particular to development of new technologies.
- Introduction of such innovations as a new generation of textbooks and computers.
- Introduction of humanities into curricula.

- Creation of favorable conditions for the academic mobility of students and teachers.
- Development of democratic foundations and decentralization of educational management.
- Creation of an educational database connected to the international research and educational networks.

The realization of the goals of each further stage depends on the success of a previous stage, as well as on the social, economic and political situation in the country. As mentioned, in order to create the legal base for the national education system, the new Law on Education was adopted in June, 1999.

One of the important measures in the reform of education will be the realization of the programme of the President of Kazakhstan on computerization of general primary and secondary education between 1997 and 2002. So far, modern computers have been installed in 1,677 schools, 450 of which were financed from the republic's budget, 915 schools received funds from the Asian Development Bank, 100 schools and 6 teaching retraining courses from local budgets, and 213 schools received computers from sponsors.

In all regions of Kazakhstan, regional centres for new technologies were opened to train teachers of information technology. At this stage, the programme of computerization of general primary and secondary education is aimed at the creation of a unified information and educational space which would help to broaden educational sources and to create the basis for self-education.

Providing general primary and secondary schools with a new generation of textbooks and teaching materials plays an important role in education reform. This programme reflects new political and historical conditions in the country and is designed for teaching at national schools in conformity with a new national mentality, cultural and historical conditions and traditions. At present, the pupils of Grades 1-3 of general schools with Kazakh, Russian and Uigur languages of instruction use the new-generation textbooks. In 1999, new textbooks and teaching materials for the Grade 4 were prepared. At present, they are being tested at experimental schools in different regions of Kazakhstan. The new textbooks in the Uzbek language will be published next year. Annually, the sum of 1.5 billion tenges is allocated for the publication of new-generation books.

A new educational infrastructure required for the education reforms was created. In particular, the Kazakh Academy of Education was founded. It supervises the Institute of general primary and secondary and higher professional education, the publishing house, the national centre for state educational standards and testing, the republic's centre for scientific information technology, and the republic's research and staff development centre 'Darin'.

The Ministry of Education and Science's new infrastructure ensures professionalism and effectiveness of the current reforms. The conditions for the development of private education have been improved. So far, more than 100 private education institutions have been created. The control mechanism for the quality of their teaching services is yet to be established.

As a result of mergers, the total number of higher-education institutions was reduced to 52, of which 25 are universities. These enlarged universities are better prepared to train highly skilled specialists. They should become cultural and research centres for their respective region of the country. Moreover, these mergers resulted in better management and formula funding of higher-education institutions.

2. New criteria for educational financing

The effectiveness of the national education system depends on setting priorities for its reform and ensuring conformity with market conditions. The new criteria for educational financing were introduced in accordance with the government's Decision of 27 September 1996, on 'Enlargement of the rights of public education institutions funded from local budgets' and the Law on the Budget, which was adopted on 1 April 1999. Moreover, in 1999, a new system of budget preparation for social sectors, particularly education, was introduced, which differs significantly from the previous one.

Firstly, the central and local budgetary estimates nowadays are formulated by line ministries. Secondly, the programmes of financing of public education institutions and the programmes of funding the state order were elaborated. The terms of the 'public education institution' and 'state order' were introduced. Thirdly, financing of educational institutions is based on unit cost per student. The state order is paid by the public bodies which are responsible for the programmes from the central (republic) and local budgets.

The public bodies responsible for the programmes prepare budget estimates with justifications and projections for all the programmes (sub-programmes) financed from the central (republic) and local budgets and present them to the Ministry of Finance of Kazakhstan.

General primary and secondary schools, boarding schools, sports schools, and primary professional schools are state (public) organizations and are funded exclusively from the state budget according to the legislation. Financing of these educational institutions is a top priority for public authorities of all levels, in 1999 it increased by 6.9 per cent, or 3 billion tenges, compared to 1998. At the same time, in the process of implementation of the Law on Education, the Government of Kazakhstan adopted the decision of 22 September 1999 on 'Fee-paying services of education institutions' that permits educational institutions to solve the problems of budgetary under-funding.

Financing of educational institutions is carried out by means of:

- transfer of the funds by financial organizations directly to the accounts of educational institutions in conformity with adopted estimates or state orders;
- transfer of the funds by financial organizations to the accounts of central account bureaux (this is particularly applied in the rural areas, where financial infrastructure is undeveloped).

Under the policies of financial decentralization, a differential approach to the types of financing was worked out. In particular, direct financing of educational institutions is often used in regions and cities, whereas financing through central account bureaux is applied for small schools in rural areas.

In order to provide multi-channel financing of primary and secondary professional education, a line ministry recommends public bodies responsible for local budget programmes to sign contracts on state orders with juridical and physical persons of other regions.

To reform the mechanism of financing of educational institutions would require diversification of state funding and the development of alternative resources, such as external loans, grants, aid of sponsors and non-governmental organizations, corporate funds, funds from entrepreneurial activities, income from training specialists for foreign countries and from other fee-paying services. Attracting sponsors and corporate funds requires reducing taxes on funds allocated for the training of specialists.

The policy for public educational finance is intended to meet the demands of all Kazakh citizens for education, according to the following guidelines:

- general and primary professional education funded from state budget funds based on unit cost per student;

- secondary professional education funded from state budget funds based on unit cost per student of the Grade 9 and calculated for a two-year period (for Grades 10, 11, 12 of general upper-secondary education);
- secondary professional, higher education and postgraduate studies are financed through the state order on the basis of unit cost per student.

The financial norms of educational institutions are constantly indexed according to the inflation rates, they are approved annually by the Government of Kazakhstan. So far the financial norms of small schools have had to cover their irreducible expenditure, irrespective of the small numbers of enrolment.

The new principles of educational financing require significant changes in the process of education in accordance with the demands of the new education system. The state order for secondary professional and higher education, as well as for postgraduate studies, is determined through the scheme of competition among students for educational grants and subsidized educational loans. The terms and conditions for educational grants and loans are designed as incentives for students to acquire relevant professional skills and competences and to apply them later according to the chosen specialized profile. The mechanisms of grants and loans introduce market relations into educational finance. It should improve education's prestige amongst students and heighten their sense of responsibility for the end-result of their studies.

Every student admitted to a higher-education institution has the right to receive a 'social' (soft) loan at a 5 per-cent interest for the period of 15 years, according to the terms and conditions adopted for the current academic year. The decision on the volume of the loan is made individually for each student and takes into account the adopted terms and conditions. These terms and conditions are calculated and adopted for each educational course depending on whether the student lives with the family or not. These terms and conditions include costs required for meeting the social needs of the student during the studies. The 'social' loans are financed from the state budget and extra-budgetary funds of the educational institutions.

The management of loan disbursements and the control over repayments and over the correct use of funds are carried out by the line ministry and the responsible bank. The mechanism for the provision of loans is as follows:

- Higher-education institutions present to the line ministry a list of students who have applied for a loan.
- The state budget funds are allocated by the line ministry in accordance with the projections for social, economic and education development and planned enrolment by the educational sub-sectors and institutions. The loans are provided for an eight-year period at a 5 per-cent interest rate. The total amount of resources for the loan financing is then calculated and transferred to the responsible bank. The bank reserves for the loan scheme are reviewed and replenished annually from the state budget.
- Each student who has applied for a loan signs a loan agreement with this bank and its local branches and opens a credit account according to the usual regulations. The loan obligation is signed for the annual amount of the loan and is subsequently renewed at the beginning of the following year, taking into account the adjustments in loan requirements and interest rates.

Loan repayments are made according to a loan agreement between a student and a bank. It is executed on a monthly basis, starting with the next month on the expiry of three years after graduation from a higher education institution, but not later than eight years after the first payment day. An enterprise (organization) which recruits a graduate can make repayments from its own funds. The drop-outs who leave the school for different reasons (except illness) should make repayments within the following three years. Readmission is accepted only in case of repayments for previous years of studies.

The following benefits are provided for loan repayments:

- Junior-age specialists (subject to the state prescribed employment schemes or those who had an opportunity for free search of employment) who took an option to work for three years in the state institutions of education, health care, culture and science have a right to pay only 50 per cent of the loan amount. Those who work in rural areas are fully exempt from repayments.
- Junior-age specialists (subject to the state prescribed employment schemes or those who had an opportunity for free search of employment) who worked for three years in the areas of high ecological risk pay 50 per cent of the loan amount. Those who work in the social and cultural sectors are fully exempt from repayments. Those graduates who obtained excellent marks at the final examinations are 50 per cent exempt.

On an experimental basis, the loan scheme for higher-education studies was launched in 1999, with a total amount of 200 million tenges allocated from the state budget for one year's running of this operation. The educational loans is a specific kind of individual credit which will be used entirely within the country on a flexible and adjustable basis.

Conclusion

In accordance with Decision No. 1811 of 30 November 1999 of the Kazakhstan Government 'Preparation of the concept and the indicative plan of social and economic development of Kazakhstan for 2001-2005', the Ministry of Education and Science prepared a number of proposals.

In the area of general primary and secondary education, the goal of the Ministry is to accomplish the main principles of the policy, in particular:

- achieving universal literacy and providing full coverage of school-aged children with compulsory general primary and secondary education;
- preparing effective legislation forpre-school and general primary and secondary education;
- improving the quality of education, together with the implementation of the new national educational model;
- removing the disparities between different levels of education;
- removing economic and territorial inequality in access to education;
- completing computerization of general primary and secondary education;
- creating conditions for better child health care;
- improving professional skills of general primary and secondary schoolteachers;
- distributing responsibilities between central and regional educational levels;
- providing sufficient and stable state budget financing.

Pre-school education

At present, the situation of pre-school education is unsatisfactory: it covers only 10.2 per cent of children aged from one to seven. It is worth noting that, according to the data of UNESCO, 29.5 per cent of children are covered by pre-school education in the world, 52.4 per cent in the transition countries (the countries of the CIS and Eastern Europe) and 9.8 per cent in the less developed African countries.

It is well known, that the kindergartens do not provide any immediate profit and their maintenance amounts to a loss. As a consequence, the number of private kindergartens has decreased three-fold (from 349 to 114) compared with 1995, and their share in schooling institutions will not be significant in 2001-2005. They will mainly accommodate children from wealthy families. The number of public pre-school institutions is not expected to increase either, in comparison with 1995 it declined from 2,499 to 178 institutions.

At the same time, according to the research of the Ministry of Education and Science and UNESCO, the state funding of pre-school education could have a significant positive impact. In order to ensure social and legal protection of children, it is important to preserve access to pre-school education for low-income families. The payments for meals should become the minimal educational fees in state kindergartens.

The development of state kindergartens is to be supported by the Foundation for pre-school education, which should draw companies and enterprises into their financing. The creation of such foundations in other countries, particularly in the countries with transition economies, has avoided further decline in the number of pre-school institutions and ensured their development. For example, in Belarus it ensures 74 per-cent coverage of children with pre-school education. In Colombia, the programmes for children of pre-school age are financed from taxes on revenues. The system of pre-school education requires constant state aid.

General primary and secondary education

At present, there are 8009 general primary and secondary education institutions enrolling 3,117,787 students. A total of 82 of them are attached to the Ministry of Transport and Communications, 199 schools are private. A total of 6,110 general primary and secondary schools are located in the rural areas. From 1 September 1998 to 1 September 1999, 91 day-time schools were closed, 82 new schools were opened, 116 schools were restructured and 2 schools became attached to another ministry. In total, the number of general primary and secondary schools under the authority of the Ministry of Education and Science declined by 14, whereas total enrolment increased by more than 3,000 students.

The main goal of the education sector remains preservation and development of the unified educational environment that should guarantee universal general primary and secondary education over the whole territory of Kazakhstan in accordance with the state standard. At the same time, such factors as the significant decrease in agricultural and industrial production, the decline of living standards and the increased migration of the population complicate the process of general primary and secondary education restructuring. In particular, a number of boarding schools have been closed and the transport of students is not ensured. This impedes the full coverage of children by general primary and secondary education. Moreover, the financing of general primary and secondary education institutions remains unstable.

One of the main problems in the education sector is the lack of continuity between pre-school, primary and other educational levels. The curriculum remains overloaded and lacks cohesion. This causes children psychological and physical fatigue as they face difficulties in holistic understanding of subjects and disciplines. The educational process in small rural schools, which make up 75 per cent of the republic's rural schools, needs to be restructured. The teaching materials and educational norms should be revised.

Respecting the constitutional right for universal general primary and secondary education is considered by the President of Kazakhstan as one of eight priority tasks of the government. The decision of the government on the Foundation for universal general primary and secondary education has played an important role in providing aid to rural schools, low-income families and families with many children, etc.

The modern period of general primary and secondary development is characterized by its restructuring aimed at its democratic and human foundations. This new tendency should be considered as a quality renewal of educational content. It should provide for the upbringing of creative and free individuals who could adapt to any changes in the environment. The gradual introduction of the new educational content at schools is based on the new information technologies. General primary and secondary schools face shortage of research and curriculum materials. The existing system of the monitoring of the quality of education needs to be revised, taking into account modern indicators and assessment technologies.

General primary and secondary education will develop according to the following priorities:

- Preparation of a new educational methodology, introduction of new technologies and pedagogy.
- Renewal of curricula aimed at the raising of creative, free and moral individuals.
- Development of educational research.
- Preparation and publishing of a new generation of textbooks and teaching materials for Grades 3-11 of general primary and secondary schools.
- Creation of centres of learning in the Kazakh language for repatriates, and retraining courses for repatriates that should permit them to acquire new professions. Preparation of special programmes for learning the Kazakh language for repatriates, taking into account their age and educational level.

- Provision of schools with equipment necessary for conducting tests on preservation of the environment according to the Programme of ecological education.
- Providsion of pre-schools and general primary and secondary schools with teaching materials necessary for compulsory pre-school training of five (six) year-old children.
- Preparation of state standards for humanitarian, natural science and mathematical subjects.
- Development of knowledge-assessment methods for each humanitarian, natural or mathematical subject.

In order to accomplish these tasks, the Ministry of Education and Science should rationally spend the existing financial resources and search for new ones. Financial and administrative independence of educational institutions should be broadened. They should use internal resources and introduce new income-generating activities.

One of the main financial sources remains the aid of international organizations such as the Asian Development Bank, the Islam Development Bank, TACIS, the Japanese Agency for Co-operation, the 'Soros' Foundation, etc.

According to the forecasts of the regional educational departments and of the educational departments of the cities of Astana and Almaty, the number of public general primary and secondary schools will increase to 148 units. Enrolment is expected to increase by 25,000 students; the changes in enrolment could be explained by two main reasons: the migration of the population and demographic processes. Private education will also be developed. This will permit the population to choose an educational institution and a curriculum. Within this period of time, private education and informal institutions are expected to increase, on average, by 10-20 units annually.

The main goal of the education sector is preserving and developing the network of general primary and secondary boarding schools, special schools for the handicapped, and boarding schools attached to general primary and secondary schools. It is also planned to set up psychological consultation facilities and rehabilitation centres, to provide correctional centres with necessary equipment and amenities.

According to the State Programme of computerization of general secondary education, the computerization of all of the republic's schools is expected to be completed in 2001-2002. With this in mind, it is recommended to involve the ministries, state enterprises and companies, as well as commercial entities. According to the Target Programme on preparation and publication of textbooks and teaching materials for general primary and secondary schools in 2000-2001, the textbooks for Grades 5-11 are being developed in the Kazakh, Russian, Uighur and Uzbek languages.

Initial and secondary professional education

One of the main goals of the Ministry of Education and Science is to provide initial and secondary professional education in conformity with the demands of the market economy. In 1991, there were 471 professional and technical schools in the republic, where 226,000 students were trained for worker and specialist professions. In 244 'technicums' (special secondary institutions) 238,000 students were acquiring middle-level specialist skills. In addition, vocational training was conducted in a significant number of educational centres, in courses, and in industrial and centres enrolling more than 700,000 students. Each graduate student of general secondary school has a right to receive vocational education. From 1996, initial and secondary vocational institutions were transferred to the local authorities, causing the closure of certain professional schools, lyceums and colleges. At the beginning of the 1999-2000 academic year, 85,000 students studied in 279 state professional schools and 109,000 students in 171 state colleges.

In order to stabilize and develop initial and secondary vocational education it is planned:

- to ensure maximal coverage of graduates of general primary and secondary schools with vocational education, by means of broadening a network of initial and secondary vocational schools;
- to continue restructuring and changing the profile of vocational schools according to the needs of the labour market.

Higher education

The transition to a market economy has been characterized by significant changes in the higher-education sector. For example, in 1991-1995 the number of higher-education institutions increased (from 39 institutions in 1991 to 72 institutions in 1995) whereas in 1996 their number declined to 54. In 1991 total enrolment wasp 209.3 thousand students, in 1994 179,000, in 1995 it reached 253.6 thousand. In latter years enrolment gradually decreased.

At present, there are 52 state higher-education institutions, of which 29 are universities and 11 academies. Enrolment totals 265.5 thousand students. Two state education institutions (the Kazakh State National University and the International Kazakh-Turkish University) are autonomous and self-governed. Students of higher-education institutions are trained for 300 professional profiles.

In 1998, 9.9 billion tenges from the state budget were allocated to higher education. At the end of the current (2000) fiscal year the volume of allocated budgetary funds came to 4.5 billion tenges (financing of medical institutes, the Kazakh State Academy of Sport and Tourism and the Kazakh National Conservatory is not included).

One of the internationally acknowledged indicators for higher education development is the number of students per 10,000 citizens. This indicator has been constantly increasing since 1995, although the number of students whose studies are funded from the state budget is declining. This reveals the willingness of Kazakh citizens to receive higher education in spite of economic difficulties.

However, there are some negative tendencies in higher-education development:

- equipment of higher-education institutions (especially technical institutions) is deteriorating (computerization cannot compensate for the shortages of laboratory and technical equipment);
- most of the student apprenticeship bases are closed and, as a result, the quality of training is deteriorating ;
- as a rule, teachers and students of higher-education institutions do not conduct research, which has a negative impact on educational quality;
- the textbooks, teaching materials and technologies are often out of date.

The main reason for these problems is insufficient funding. Traditionally, higher education was financed from the republic's budget and from private donations of the population. At the same time, other financial sources widely used by western educational institutions, such as selling intellectual products of pedagogical staff or drawing funds of companies, enterprises, foundations and individuals, remain unexplored.

The existing structure of training students at higher-education institutions is presented in the Classification of profession profiles of higher education, which includes 307 professions divided into 47 groups. However, this Classification does not correspond to the constantly changing, complicated economic situation. At present, the content of a number of professional profiles is being revised, standardized and modernized in accordance with international standards recommended by UNESCO.

In order to spend state budgetary funds allocated for higher education development more effectively, it is vital to modify the process of staff training by means of restructuring professional profiles, optimizing time of studies, providing simultaneous training for two or three professions (in the groups of medical or pedagogical profession profiles), and regrouping technical professions according to broader profession fields. It is recommended to reduce the period of studies at higher-education institutions by one-two years for those who have received secondary vocational education and to introduce the system of receiving secondary higher education with a shorter period of training. With this in mind, it is necessary to prepare new state standards for higher education. It is recommended to draw up classifications of Bachelor and Master programmes.

In the foreseeable future, it is planned to carry out the integration of universities with research centres, which would improve the quality of training at higher-education institutions. It is worth noting that the process of reforming higher education has already started on the basis of the new Law on education:

- preparation of state universal educational standards on a competitive basis has been introduced;
- a system of state educational grants and credits aimed at providing vocational training has been elaborated;
- a new system of assessment of higher-education institutions, irrespective of their form or attachment to specific sectors, has been elaborated;
- the National Information and Analytical Centre on academic mobility has been created;
- a rating system for the evaluation of learning achievements in accordance with international standards has been introduced;

- a gradual integration of research into higher education has been carried out;
- the experiment on transferring some educational institutions to self-government for a period of three-five years, with the possibility of their subsequent privatization, has been started;
- the preparation and publication of the new generation of textbooks and teaching materials is being continued.

Appendices

Table 1. Educational financing from the republic's budget through ministries and other government bodies in 2000

	Ministries and government bodies	Planned 2000	
		Amount (in thousand tenges)	Weighted percentage to total
1.	Office of the Prime Minister	276	0.001
2.	Ministry of Internal Affairs	717,045	4.94
3.	Ministry of Foreign Affairs	20,848	0.14
4.	Ministry of Defence	644,100	4.4
5.	Ministry of Agriculture	387	0.002
6.	Ministry of Finance	330	0.002
7.	Ministry of State Revenues and Taxation	25,380	0.18
8.	Ministry of Justice	796	0.005
9.	Ministry of Education and Science	11,017,624	76.0
10.	Agency on Emergency Situations	78,561	0.54
11.	Committee of National Security	409,633	2.83
12.	Agency of Statistics	5,160	0.03
13.	Agency on Civil Service	32,258	0.22
14.	Agency of Healthcare	1,086,802	7.5
15.	Agency of Sport and Tourism	241,929	1.7
16.	Ministry of Labour and Social Protection	1,829	0.01
17.	Ministry of Transport and Communication	210,999	1.5
	Total:	**14,493,957**	**100.0**

Table 2. Financing of educational institutions of the Ministry of Education and Science from the republic's budget for 1997-1999

(in millions tenges)

	1997		1998		1999		1999 to
	Volume	Percentage to total	Volume	Percentage to total	Volume to total	Percentage	1997 (per cent)
Expenditure from local budgets	58,756.4	86.5	54,072	82.2	58,891.9	84.7	100.2
Expenditure from republican budget	9,150.5	13.5	11,693	17.8	10,612.9	15.3	116.0
Expenditure from state budget	67,906.9	100	65,765	100.0	69,504.8	100.0	102.4

Table 3. Implementation of education budget of Kazakhstan in 1997-1999

	Years					
	1997		1998		1999	
Educational levels	Thousand tenges	Percentage from general educational budget	Thousand tenges	Percentage from general educational budget	Thousand tenges	Percentage from general educational budget
Expenditure for pre-school education	5,148.5	7.2	3,741.8	5.7	2,235.7	3.2
Expenditure for general primary and secondary education and initial professional education (local budgets)	51,512.0	75.8	48,085.7	73.1	51,455.2	74
Expenditure for secondary and higher professional education	13,444.1	18.8	13,386.6	20.3	11,039.5	15.8

Table 3. (continued)

	1997			
	Planned	Actual	Deviation (+,–)	Percentage of execution
Expenditure of local budgets	58,687.6	58,756.4	68.8	100.1
Expenditure of republic's budget	9,158	9,150.5	–7.5	99.9
Expenditure of state budget	67,845.6	67,906.9	61.3	100.1

	1998			
	Planned	Actual	Deviation (+,–)	Percentage of execution
Expenditure of local budgets	59,460.5	54,072	–5,388.5	90.9
Expenditure of republic's budget	13,647.1	11,693	–1,954.1	85.7
Expenditure of state budget	73,108	65,765	–7,342.6	90

	1999			
	Planned	Actual	Deviation (+,–)	Percentage of execution
Expenditure of local budgets	61,004.2	58,891.9	–2,112.3	96.5
Expenditure of republic's budget	11,693.9	10,612.9	–1,081	90.8
Expenditure of state budget	72,698.1	69,504.8	–3,193.3	95.6

Table 4. **Expenditure for higher-education institutions of the Ministry of Education of Kazakhstan in 1991-2000 (in million tenges)**

	1991	1992	1993	1994	1995
Financing of higher-education institutions	576.6	3,668.4	4,988.5	918	4,386.9
Financing of higher-education institutions as share of GDP	0.3	0.04	0.2	0.4	
including:					
Expenditure for wage bill	156.3	1,096.6	2,066.4	332.3	1,470.3
Expenditure for stipends	187.9	718.3	1,385.9	219.4	1,061.4

	1996	1997	1998	1999	2000
Financing of higher-education institutions	6,413.4	6,224.6	6,801.5	6,243.3	6,723.7
Financing of higher-education institutions as share of GDP	0.45	0.36	0.39	0.34	0.32
including:					
Expenditure for salaries	2,291	2,848.8	2,732.1	2,692.2	3,011.7
Expenditure for stipends	1,655.2	1,690.8	2,098.5	1,144.9	979.8

Table 5. **Unit cost of recurrent expenditure per student at higher-education institutions under the authority of Committees of Education and Health**

(in tenges)

	1998 planned	1998 estimates	1999 draft
Wage bill	23,254	23,254	25,323
Allowances	7,054	6,986	7,850
Meals	717	1,014	1,251
Expenditure for apprenticeship and pedagogical practice	0	40	928
Public utilities – total	5,436	13,005	14,894
Including: Housing charges	680	1,130	1,290
Communication	201	329	376
Electricity	1,161	2,175	2,467
Heating	3,394	9,371	10,761
Stipends	16,633	19,421	15,858
Other expenditure	2,486	2,408	2,500
Total	**55,580**	**66,128**	**68,604**

Table 6. Unit cost of recurrent expenditure per student by profession in 1999 (according to the target numbers of admission by educational grants and loans for the 1999/2000 academic year)

(in tenges)

	Professional profiles				
	Natural sciences	Humanities	Education	Veterinary	Art and culture
Unit cost per already-studying student in 1999	66,207	66,935	71,279	65,268	122,486
Deducted from new unit cost Average annual stipend per student	18,442	18,444	18,069	18,443	18,441
Added to new unit cost : allowances to orphans	1,324	1,339	1,426	1,305	2,450
Total, annual unit cost per student	49,090	49,830	54,635	48,130	106,495
Unit cost per student admitted by educational grant or credit per four months of 1999-2000 academic year	16,363	16,610	18,212	16,043	35,498

Table 6. (continued)

	Professional profiles			Unit cost in tertiary education
	Economic	Technical	Agricultural	
Unit cost per already-studying student in 1999	67,914	71,766	67,186	71,034
Deducted from new unit cost Average annual stipend per student	18,444	18,443	18,444	18,351
Added to new unit cost : allowances to orphans	1,358	1,435	1,344	1,421
Total, annual unit cost per student	50,828	54,758	50,086	54,103
Unit cost per student admitted by educational grant or credit per four months of 1999-2000 academic year	16,943	18,253	16,695	18,034

Table 7. Annual educational expenditure at higher-education institutions of the Ministry of Education and Science of Kazakhstan in 1999

Indicators	Doctor of Science programmes	Postgraduate Ph.D. programmes	Master programmes	Preparatory courses
Annual enrolment	97	1,447	578	195
Expenditure for salaries (in thousand tenges)	0	14,665.2	8,726.4	4,292.5
Contributions by employers (32.5 per cent) (in thousand tenges)	0	4,766.2	2,836.1	1,395.1
Stipends (in thousand tenges)	5,272	122,456	17,439	3,028
Other expenditure (in thousand tenges)	1,046.1	15,605.9	6,233.7	2,103.1
Total expenditure (in thousand tenges)	6,318.1	157,493	35,235.2	10,818.7
Annual unit cost per student (in tenges)	65,135	108,841	60,961	55,481
Unit cost per student for four months	21,712	36,280	20,320	18,494

Table 8. Stipends of students at higher-education institutions of Kazakhstan in 1991-1999

Period	Stipend
1991 (in roubles)	
January-March	60
April-December	120
1992(in roubles)	275
1993 (in roubles)	
January-March	2,500
April-December	3,600
1994 (in tenges)	
January	23,2
February-March	32
April-June	80
July-August	120
September	450
October-December	600
1996 (in tenges)	
January-March	960
April-June	1,050
July-September	1,080
October-December	1,150
1997 (in tenges)	
January-March	1,180
April-August	1,250
September-December	1,350
1998 (in tenges)	
January-March	1,370
April-August	1,380
September-December	1,420
1999 (in tenges)	
January-March	1,420
April-August	1,540
September-December	1,555

Table 9. Unit cost of recurrent expenditure per child/student at educational institutions of different types

Programmes	1997 report (in tenges)	1998 report (in tenges)	1999 report (in tenges)
Pre-school education at local level	16,930	23,126	19,060
General primary and secondary schools	15,101	14,157	15,023
Boarding schools, specialized schools, specialized boarding schools	70,078	64,928	73,978
Professional and technical schools, specialized professional and technical schools	30,582	24,922	27,254
Colleges	47,991	33138	44,619

Table 10. Statistical data on educational institutions (local budget)

Article	1997 (implementation)	1998 (implementation)	1999 (implementation)	1998 to 1997 (%)	1999 to 1998 (%)
Pre-school education at local level					
Total expenditure (in thousand tenges)	5,148.5	3,741.8	2,235.7	73	60
Wage bill and allowances	3,188	2,366	1,372	74	58
Number of children	304,100	161,800	117,300	53	72
Unit cost per child (in tenges)	16,930	23,126	19,060	137	82
Without wage bill (in tenges)	6,447	8,503	7,363	132	87
General primary and secondary education at local level					
including ***General primary and secondary schools***					
Total expenditure (in thousand tenges)	46,070.4	43,215.2	45,901.4	94	106
Wage bill with allowances	36,795	35,169	39,039	96	111
The number of students (000)	3,050.9	3,052.6	3,055.4	100	100
Unit cost per student (in tenges)	15,101	14,157	15,023	94	106
Without wage bill (in tenges)	3,040	2,636	2,246	87	85

Table 10. (continued)

Article	1997 (implementation)	1998 (implementation)	1999 (implementation)	1998 to 1997 (%)	1999 to 1998 (%)
Boarding schools, specialized schools, specialized boarding schools					
Total expenditure (in thousand tenges)	2,721	2,704	3,269.9	99	121
Wage bill with allowances	1,602	1,526	1,808	95	118
The number of students (000)	38,828	41,646	44,201	107	106
Unit cost per student (in tenges)	70,078	64,928	73,978	93	114
Without wage bill (in tenges)	28,819	28,286	33,074	98	117
Professional and technical education at local level					
Specialized professional and technical schools, professional and technical schools					
Total expenditure (in thousand tenges)	2,720.6	2,166.5	2,283.9	80	105
Wage bill with allowances	1,917	1,512	1,495	79	99
The number of students (000)	88,961	86,931	83,800	98	96
Unit cost per student (in tenges)	30,582	24,922	27,254	81	109
Without wage bill (in tenges)	9,033	7,529	9,414	83	125

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Table 10. (continued)

Article	1997 (implementation)	1998 (implementation)	1999 (implementation)	1998 to 1997 (%)	1999 to 1998 (%)
General specialized educational institutions (colleges)					
Total expenditure (in thousand tenges)	4,441.4	4,010.7	2,335.4	90	58
Wage bill with allowances	2,401	2,338	1,401	97	60
The number of students (000)	92,546	121,030	52,341	131	43
Unit cost per student (in tenges)	47,991	33,138	44,619	69	135
Without wage bill (in tenges)	22,047	13,821	17,852	63	129

Table 11. Example of calculating base salary of general primary and secondary school teacher in 1999

					Additional allowances in rural areas	
Position	Echelon	Coefficient	Minimal monthly wage	Maximum ceiling per staff position	Coefficient	Volume
Teacher	12	2.2	2,605	5,731	0.25	1,433
Teacher	12	2.2	2,605	5,731	–	–
Teacher	12	2.2	2,605	5,731	–	–

Position	Maximum ceiling per staff position adjusted to rural areas	Number of months	Annual wage bill allowances	Annual allowances	Annual wage areas bill including
Teacher	7,164	12	85,968	33,516	119,484
Teacher	5,731	12	68,772	26,820	95,592
Teacher	5,731	12	68,772	–	68,772

	District coefficient			
Position	Coefficient	Volume	Annual wage bill	Average monthly wage
Teacher	0.15	17,923	137,407	11,451
Teacher	–	–	95,592	7,966
Teacher	–	–	68,772	5,731

Table 12. Calculating allowances in addition to base wage of general primary and secondary teacher in 1999

(in tenges)

Position	Maximum ceiling per staff position adjusted to rural areas	Allowances for:			
			School management		Checking of written homework
Teacher	7,164	0.17	1,218	0.13	931
Teacher	5,731	0.17	974	0.13	745

(in tenges)

Position	Allowances for:			
	Teaching of Kazakh and Russian languages and literature		Other allowances for specialized classes, intensive teaching of certain subjects etc.	
Teacher	0.07	501	0.02	143
Teacher	0.07	401	0.02	115

(in tenges)

Position	Total monthly allowances	Number of months	Annual total allowances
Teacher	2,793	12	33,516
Teacher	2,235	12	26,820

Table 13. Allowances at educational institutions in rural areas and in ecologically unfavourable areas and for additional duties such as school management, checking written homework, advanced teaching of certain subjects and others

Regions	Number of teachers (in thousand tenges)	Annual wage bill (in thousand tenges)	Allowances (in thousand tenges)	Ecological coefficients (in thousand tenges)	Total (in thousand tenges)
Acmolin	9,790	917,166	233,198		917,166
Actobe	13,153	1,232,226	313,304		1,232,226
Almaty	28,087	2,631,303	669,032		2,631,303
Atyraus	9,167	858,801	218,358		858,801
Eastern Kazakhstan	24,278	2,274,460	578,302	378,736	2,653,197
Jambyl	16,532	1,548,784	393,792		1,548,784
Western Kasakstan	12,971	1,215,175	308,969		1,215,175
Karaganda	18,568	1,739,525	442,290		1,739,525
Kzyl-Orda	13,048	1,222,389	310,803	125,261	134,650
Kostanai	15,955	1,494,728	380,048		1,494,728
Mangystaus	4,621	432,914	110,072		432,914
Pavlodar	13,073	1,224,731	311,399		1,224,731
Northern Kazakhstan	17,874	1,674,508	425,759		1,674,508
Southern Kazakhstan	40,749	3,817,529	970,641		3,817,529
City of Almaty	11,909	1,115,683	283,672		1,115,683
City of Astana	2,661	249,293	63,385		249,293
Total	252,436	23,649,215	6,013,024	503,997	24,153,212

Average salary of a teacher of rank 11 is 5,822 tenges.

Allowances : For those working in rural areas – average monthly coefficient is 1.14 or 815 tenges ;
For school management, checking written homework, specialized classes and others – average monthly coefficient is 1.08 or 466 tenges ;
For climatic hardships – average monthly coefficient is 1.11 or 704 tenges.

Consolidated coefficient is 1.33; average monthly wage of 11 rank is 7,807 tenges. Average monthly amount of allowances per teacher is 1,985 tenges. To calculate total amount of allowances the monthly amount of 1,985 tenges is multiplied by total amount of teachers and by district coefficient.

Table 14. Average monthly wage of educational staff by category in 1999

Position	Echelon	Coefficient	by 01.01.1999	
			Net salary	Gross salary
School principal	15	2.74	6,686	10,029
Principal of pre-school educational institution	14	2.55	6,222	6,222
Principal of informal educational institution	15	2.74	6,686	9,360
Principal of orphanage, boarding school	15	2.74	6,686	10,029
Head of SSI*, PTI**	16	2.95	7,198	10,797
Head of HEI***	21	4.24	10,346	16,554
Teacher of school, PTI	11	2.05	5,002	6,503
Pedagogue	11	2.05	5,002	5,002
Teacher of SSI	11	2.05	5,002	7,503
Master of apprenticeship	11	2.05	5,002	5,002
Curriculum developer	11	2.05	5,002	7,503
Music director	10	1.91	4,660	4,660
Head of department	20	3.94	9,614	12,498
Professor	19	3.67	8,955	11,642
Assistant professor	18	3.41	8,320	10,816
Senior teacher	16	2.95	7,198	9,357
Teacher	14	2.55	6,222	8,089
Untrained teacher	11	2.05	5,002	6,503
Senior researcher	16	2.95	7,198	7,198
Researcher	15	2.74	6,686	6,686
Senior engineer	12	2.2	5,368	5,368
Engineer of first category	11	2.05	5,002	5,002
Junior researcher	14	2.55	6,222	6,222

* SSI – 'special secondary' institution

** PTI – professional and technical institution

*** HEI – higher-education institution

Table 14. (continued)

Position	Echelon	Coefficient	by 01.01.1999	
			Net salary	Gross salary
School principal	15	2.74	7,621	10,892
Principal of pre-school educational institution	14	2.55	6,758	6,758
Principal of informal educational institution	15	2.74	7,261	10,165
Principal of orphanage, boarding school	15	2.74	7,261	10,892
Head of SSI, PTI	16	2.95	7,818	11,726
Head of HEI	21	4.24	11,236	17,978
Teacher of school, PTI	11	2.05	5,432	7,062
Pedagogue	11	2.05	5,432	5,432
Teacher of SSI	11	2.05	5,432	8,148
Master of apprenticeship	11	2.05	5,432	5,432
Curriculum developer	11	2.05	5,432	8,148
Music director	10	1.91	5,062	5,062
Head of department	20	3.94	10,441	13,573
Professor	19	3.67	9,726	12,643
Assistant professor	18	3.41	9,037	11,747
Senior teacher	16	2.95	7,818	10,163
Teacher	14	2.55	6,758	8,785
Untrained teacher	11	2.05	5,432	7,062
Senior researcher	16	2.95	7,818	7,818
Researcher	15	2.74	7,261	7,261
Senior engineer	12	2.2	5,830	5,830
Engineer of first category	11	2.05	5,432	5,432
Junior researcher	14	2.55	6,758	6,758

Table 14. (continued)

Position	Echelon	Coefficient	by 01.01.1999	
			Net salary	Gross salary
School principal	15	2.74	7,343	11,015
Principal of pre-school educational institution	14	2.55	6,834	6,834
Principal of informal educational institution	15	2.74	7,343	10,280
Principal of orphanage, boarding school	15	2.74	7,343	11,015
Head of SSI, PTI	16	2.95	7,906	11,869
Head of HEI	21	4.24	11,363	18,181
Teacher of school, PTI	11	2.05	5,494	7,142
Pedagogue	11	2.05	5,494	5,494
Teacher of SSI	11	2.05	5,494	8,241
Master of apprenticeship	11	2.05	5,494	5,494
Curriculum developer	11	2.05	5,494	8,241
Music director	10	1.91	5,119	5,119
Head of department	20	3.94	10,559	13,727
Professor	19	3.67	9,836	12,786
Assistant professor	18	3.41	9,139	11,880
Senior teacher	16	2.95	7,906	10,278
Teacher	14	2.55	6,834	8,884
Untrained teacher	11	2.05	5,494	7,142
Senior researcher	16	2.95	7,906	7,906
Researcher	15	2.74	7,343	7,343
Senior engineer	12	2.2	5,896	5,896
Engineer of first category	11	2.05	5,494	5,495
Junior researcher	14	2.55	6,834	6,834

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Table 15. Method of calculating average wage of pedagogical staff (on the basis of 1998)

	Senior teacher
Echelon	17
Coefficient	3.17
Minimal monthly wage	2,395
Maximum ceiling per staff position	7,592
Average amount of allowances	906 (12 per cent) including district, ecological (10 per cent) and others (2 per cent)
Average monthly wage	8,498
Average amount of bonuses and allowances according to acting legislation	205
Total average monthly wage	8,703

Table 16. Expenditure for wage bill and other expenditure for general and professional secondary education* (from local budgets)

	1995	1996	1997	1998	1999	1999 to 1995 (%)
Expenditure for general primary and secondary education	17,010	34,380.3	33,150.3	45,528.1	46,208.7	272
including:						
Wage bill including allowances	11,567	23,691.8	23,329.3	31,837.8	33,006	285
Other expenditure	5,443	10,688.5	9,821	13,690.3	13,202.7	243
Expenditure for professional and technical education	4,273	3,741.6	2,888.4	2,720.6	2,577.7	60
including:						
Wage bill including allowances	1,752	1,565	1,634	1,236.6	1,160	66
Other expenditure	2,521	2,176.6	1,254.4	1,484	1,417.7	56
Total	21,283	38,121.9	36,038.7	48,248.7	48,786.4	229
including:						
Wage bill including allowances	13,319	25,256.8	24,963.3	33,074.4	34,166	257
Other expenditure	7,964	12,865.1	11,075.4	15,174.3	14,620.4	184

Not including expenditure for the programmes 'Computerization of general primary and secondary education', 'Daryn', 'Provision of students of general primary and secondary schools with textbooks', 'Pre-schools', 'Special secondary' educational institutions, 'Orphanages', 'Curriculum development'.

Table 17. General primary and secondary education institutions (1991-2000)

Academic year	Number of day schools	Including : primary	base	secondary	Evening classes
1990-1991	8,487	1,825	1,958	4,579	284
1991-1992	8,575	1,825	1,866	4,755	266
1992-1993	8,654	1,821	1,807	4,898	241
1993-1994	8,740	1,817	1,804	4,989	202
1994-1995	8,710	1,766	1,828	4,996	131
1995-1996	8,694	1,747	1,807	5,019	107
1996-1997	8,552	1,662	1,787	4,987	67
1997-1998	8,114	1,521	1,591	4,904	20
1998-1999	8,104	1,464	1,511	5,030	37
1999-2000	**8,009**	**1,367**	**1,492**	**5,051**	**21**

Table 18. Distribution of daytime general primary and secondary schools of Kazakhstan by region (at the beginning of school year)

Region	Number of schools		Including:			
			Schools of the Ministry Education of and Science		Schools of republic subordination	
	1998/ 1999	1999/ 2000	1998/ 1999	1999/ 2000	1998/ 1999	1999/ 2000
Acmolin	530	739	523	720	3	3
Actobe	524	520	494	493	21	21
Almaty	749	733	736	712	6	6
Atyraus	187	186	180	180	5	5
Eastern Kazakhstan	861	857	842	834	2	2
Jambyl	439	443	421	422	10	13
Western Kasakstan	524	521	519	516	2	2
Karaganda	643	633	623	613	4	4
Kzyl-Orda	286	284	274	274	7	6
Kostanai	763	763	758	759	1	1
Mangystaus	102	104	88	90	3	3
Pavlodar	489	489	478	476	0	0
Northern Kazakhstan	958	761	933	750	1	1
Southern Kazakhstan	968	971	939	944	14	14
City of Almaty	47	53	38	41	1	1
City of Astana	208	225	173	179	1	1
Republic's institutions	6	8	6	6	0	0
TOTAL	**8,284**	**8,290**	**8,023**	**8,009**	**81***	**83***

*There are also 12 school-kindergarten complexes

Table 18. (continued)

Region	Number of schools		Including:			
			Schools of the Agency of Sport and Tourism		Private schools	
	1998/ 1999	1999/ 2000	1998/ 1999	1999/ 2000	1998/ 1999	1999/ 2000
Acmolin	530	739			4	16
Actobe	524	520			9	6
Almaty	749	733			9	15
Atyraus	187	186			2	1
Eastern Kazakhstan	861	857			17	21
Jambyl	439	443			8	8
Western Kazakhstan	524	521			3	3
Karaganda	643	633		1	16	15
Kzyl-Orda	286	284			5	4
Kostanai	763	763			4	3
Mangystaus	102	104			11	11
Pavlodar	489	489			11	13
Northern Kazakhstan	958	761			24	10
Southern Kazakhstan	968	971		1	15	12
City of Almaty	47	53			8	11
City of Astana	208	225			34	45
Republic's institutions	6	8		2	0	0
Total	**8,284**	**8,290**		**4**	**180**	**194**

Table 19. Number of pupils in pre-primary education by region (1999/2000 academic year)

Region	Total number of pupils	Coverage of children with pre-primary education (%)	Including : Pre-schools	
			Number of 5-6 year-old pupils	Percentage of 5-6 year-old children
Acmolin	9,636	44.8	2,783	12.9
Actobe	8,379	44.0	2,670	14.0
Almaty	15,588	34.9	2,266	5.1
Atyraus	6,318	38.0	2,308	13.9
Eastern Kazakhstan	14,217	41.7	5,428	15.9
Jambyl	7,776	26.7	2,190	7.5
Western Kazakhstan	7,453	39.6	2,348	12.5
Karaganda	12,232	38.4	5,654	17.7
Kzyl-Orda	5,630	26.5	2,815	13.3
Kostanai	11,893	52.6	1,867	8.3
Mangystaus	6,852	65.7	3,079	29.5
Pavlodar	9,408	51.9	5,163	28.5
Northern Kazakhstan	8,721	50.7	1,038	6.0
Southern Kazakhstan	12,370	18.0	4,736	6.9
City of Almaty	12,944	66.2	12,944	66.2
City of Astana	3,313	42.4	3,239	41.4
Total	**152,730**	**38.1**	**60,528**	**15.1**

Table 19. (continued)

Region	Total number of pupils	Coverage of children with pre-primary education (%)	Including : Pre-schools	
			Number of 5-6 year-old pupils	Percentage of 5-6 year-old children
Acmolin	9,636	44.8	6,853	31.9
Actobe	8,379	44.0	5,709	30.0
Almaty	15,588	34.9	13,322	29.8
Atyraus	6,318	38.0	4,010	24.1
Eastern Kazakhstan	14,217	41.7	8,789	25.8
Jambyl	7,776	26.7	5,566	19.2
Western Kazakhstan	7,453	39.6	5,105	27.2
Karaganda	12,232	38.4	6,466	20.3
Kzyl-Orda	5,630	26.5	2,927	13.8
Kostanai	11,893	52.6	10,026	44.3
Mangystaus	6,852	65.7	3,773	36.2
Pavlodar	9,408	51.9	4,245	23.4
Northern Kazakhstan	8,721	50.7	7,683	44.6
Southern Kazakhstan	12,370	18.0	7,634	11.1
City of Almaty	12,944	66.2	0	0.0
City of Astana	3,313	42.4	74	0.0
Total	**152,730**	**38.1**	**92,202**	**23.0**

Table 20. Number of students in general primary and secondary education by region

Region	Total number of students (000)			Including: Number of students at public school (000)		
	1997/ 1998	1998/ 1999	1999/ 2000	1997/ 1998	1998/ 1999	1999/ 2000
Acmolin	157	113.5	160.4	156.8	113.4	160.3
Actobe	149.6	151.5	152.9	149.2	150.9	152.3
Almaty	342.9	348.4	344	341.7	347	342.6
Atyraus	101.4	104.4	106.4	101.4	104.3	106.3
Eastern Kazakhstan	293.8	293.1	292.5	292.7	291.4	290.8
Jambyl	209.6	212.8	213.2	209.3	212.2	212.6
Western Kazakhstan	127.8	130.3	130.6	127.7	130.1	130.3
Karaganda	261.4	258.2	251.6	259.1	254.9	248.3
Kzyl-Orda	140.7	144.6	147.3	140.1	144	146.7
Kostanai	201.1	194	190.6	200.8	193.8	190.4
Mangystaus	72	76.1	79.7	71.3	75.4	78.9
Pavlodar	169	165.5	165.9	168.4	164.6	165
Northern Kazakhstan	203.5	199.2	146.3	201.7	196.6	143.7
Southern Kazakhstan	474.6	491.4	499.8	474	490.1	498.5
City of Almaty	41.4	46.3	48.9	41.4	45.8	48.3
City of Astana	175.8	183.9	184.5	172.5	180.2	180.8
Republic's institutions	3.5	4	4	3.5	4	4
Total	**3,125.1**	**3,117.2**	**3,118.6**	**3,111.6**	**3,098.7**	**3,099.8**

Table 20. (continued)

Region	Total number of students (000)			Including: Number of students at public school (000)		
	1997/ 1998	1998/ 1999	1999/ 2000	1997/ 1998	1998/ 1999	1999/ 2000
Acmolin	157	113.5	160.4	0.2	0.1	0.1
Actobe	149.6	151.5	152.9	0.4	0.6	0.6
Almaty	342.9	348.4	344	1.2	1.4	1.4
Atyraus	101.4	104.4	106.4	0	0.1	0.1
Eastern Kazakhstan	293.8	293.1	292.5	1.1	1.7	1.7
Jambyl	209.6	212.8	213.2	0.3	0.6	0.6
Western Kazakhstan	127.8	130.3	130.6	0.1	0.2	0.3
Karaganda	261.4	258.2	251.6	2.3	3.3	3.3
Kzyl-Orda	140.7	144.6	147.3	0.6	0.6	0.6
Kostanai	201.1	194	190.6	0.3	0.2	0.2
Mangystaus	72	76.1	79.7	0.7	0.7	0.8
Pavlodar	169	165.5	165.9	0.6	0.9	0.9
Northern Kazakhstan	203.5	199.2	146.3	1.8	2.6	2.6
Southern Kazakhstan	474.6	491.4	499.8	0.6	1.3	1.3
City of Almaty	41.4	46.3	48.9	0	0.5	0.6
City of Astana	175.8	183.9	184.5	3.3	3.7	3.7
Republic's institutions	3.5	4	4	0	0	0
Total	**3,125.1**	**3,117.2**	**3,118.6**	**13.5**	**18.5**	**18.8**

Table 21. Statistical data on pre-primary education institutions with one or several languages of instruction (1999)

Region	Total number of pre-schools on 1.10.99	Number of classes	Number of pupils	Total number of pre-schools with one language of instruction	Number of classes	Number of pupils
Acmolin	63	215	4,293	41	132	2,708
Actobe	68	279	5,779	41	102	2,246
Almaty	68	326	4,541	46	120	2,697
Atyraus	90	304	6,453	71	162	3,282
Eastern Kazakhstan	80	481	9,294	65	350	7,236
Jambyl	38	210	4,750	17	98	2,362
Western Kazakhstan	44	224	5,536	32	114	2,839
Karaganda	127	606	13,426	92	424	9,398
Kzyl-Orda	70	210	4,876	61	146	3,320
Kostanai	70	276	6,116	59	229	5,043
Mangystaus	35	269	6,232	12	77	1,723
Pavlodar	76	428	10,874	56	280	7,688
Northern Kazakhstan	31	102	2,316	29	98	2,221
Southern Kazakhstan	100	425	10,571	48	114	3,073
City of Almaty	159	819	22,365	108	525	11,646
City of Astana	39	305	7,450	17	115	2,701
Total	**1,158**	**5,485**	**124,872**	**796**	**3,092**	**70,183**

Table 21. (continued)

Region	Total number of pre-schools on 1.10.99	Number of classes	Number of pupils	Total number of pre-schools with one language of instruction	Number of classes	Number of pupils
Acmolin	3	15	301	38	117	2,407
Actobe	23	57	1,301	18	45	945
Almaty	23	44	1,095	23	76	1,602
Atyraus	66	150	3,002	5	12	280
Eastern Kazakhstan	5	11	282	60	339	6,954
Jambyl	7	29	668	10	69	1,694
Western Kazakhstan	18	31	702	14	83	2,137
Karaganda	5	14	275	87	410	9,123
Kzyl-Orda	60	144	3,264	1	2	56
Kostanai	3	5	123	56	224	4,920
Mangystaus	9	45	1,029	3	32	694
Pavlodar	3	11	307	54	275	7,381
Northern Kazakhstan	1	6	180	28	92	2,041
Southern Kazakhstan	32	65	1,847	14	45	1,089
City of Almaty	31	165	3,484	77	360	8,162
City of Astana	3	22	558	14	93	2,143
Total	**292**	**814**	**18,418**	**502**	**2,274**	**51,629**

Table 21. (continued)

Region	Total number of pre-schools on 1.10.99	Number of classes	Number of pupils	Total number of pre-schools with one language of instruction	Number of classes	Number of pupils
Acmolin				22	83	1,585
Actobe				27	177	3,533
Almaty				22	206	1,844
Atyraus				19	142	3,171
Eastern Kazakhstan				15	131	2,058
Jambyl				21	112	2,388
Western Kazakhstan				12	110	2,697
Karaganda				35	182	4,028
Kzyl-Orda				9	64	1,556
Kostanai				11	47	1,073
Mangystaus				23	192	4,509
Pavlodar				20	148	3,186
Northern Kazakhstan				2	4	95
Southern Kazakhstan	2	4	137	52	311	7 498
City of Almaty				51	294	10,719
City of Astana				22	190	4,749
Total	**2**	**4**	**137**	**362**	**2,393**	**54,689**

Table 22. Statistical data on private pre-primary education institutions (on 1 October 1999)

Region		Including :			Including :	
	Total number of pre-schools	Number of pre-schools in urban areas	Number of pre-schools in rural areas	Total number of pupils	Number of pupils in urban pre-schools	Number of pupils in rural pre-schools
Acmolin	3	0	3	105	0	105
Actobe	4	4	0	276	276	0
Almaty	11	10	1	616	570	46
Atyraus	4	3	1	195	185	10
Eastern Kazakhstan	4	4	0	263	263	0
Jambyl	1	1	0	10	10	0
Western Kazakhstan	4	3	1	1,038	1,026	12
Karaganda	17	16	1	707	707	0
Kzyl-Orda	14	5	9	436	236	200
Kostanai	28	10	18	1,211	794	417
Mangystaus	0	0	0	0	0	0
Pavlodar	1	1	0	160	160	0
Northern Kazakhstan	9	9	0	889	889	0
Southern Kazakhstan	9	9	0	228	228	0
City of Almaty	6	6	0	582	582	0
City of Astana	0	0	0	0	0	0
Total	**115**	**107**	**34**	**6,716**	**5,926**	**790**

Table 22. (continued)

Region			Including:			
	Average monthly wage of teachers	Total number of teachers	Number of teachers with higher education	Total number of teachers with higher education	Number of teachers with special secondary education	Number of teachers with general secondary education
Acmolin	4,333	11	2	0	9	0
Actobe	3,426	41	21	0	20	0
Almaty	3,885	66	31	1	34	0
Atyraus	4,000	35	18	0	17	0
Eastern Kazakhstan	4,750	52	26	0	26	0
Jambyl	5,000	3	3	0	0	0
Western Kazakhstan	3,350	128	32	17	78	1
Karaganda	4,925	68	33	2	33	0
Kzyl-Orda	3,416	46	17	0	29	0
Kostanai	4,430	114	21	2	87	4
Mangystaus	0	0	0	0	0	0
Pavlodar	9,853	20	4	0	16	0
Northern Kazakhstan	4,500	107	45	8	54	0
Southern Kazakhstan	12,500	47	25	0	22	0
City of Almaty	6,600	94	83	0	9	2
City of Astana	0	0	0	0	0	0
Total	**5,354**	**832**	**361**	**30**	**434**	**7**

Table 23. Statistical data on initial professional and vocational training in Kazakhstan at the beginning of the 1999-2000 academic year

Region	Number of educational institutions				
		Including		Specialized	
	Total	PTS*	PTL**	PTS	Total
Acmolin	19	6	13	0	19
Actobe	17	13	4	1	18
Almaty	25	19	6	2	27
Atyraus	11	8	3	1	12
Eastern Kazakhstan	24	22	2	2	26
Jambyl	15	14	1	1	16
Western Kazakhstan	19	15	4	0	19
Karaganda	29	25	4	0	29
Kzyl-Orda	13	12	1	0	13
Kostanai	17	11	6	0	17
Mangystaus	4	3	1	1	5
Pavlodar	25	18	7	0	25
Northern Kazakhstan	14	11	3	1	15
Southern Kazakhstan	21	21	0	0	21
City of Almaty	5	5	0	0	5
City of Astana	11	7	4	1	12
Total	**269**	**210**	**59**	**10**	**279**

*PTS – professional and technical school
**PTL – professional and technical lyceum

Table 23. (continued)

Region	Number of students				
		Including		Specialized	
	Total	PTS	PTL	PTS	Total
Acmolin	6,463	1,797	4,666	0	6,463
Actobe	2,828	1,763	1,065	299	3,127
Almaty	8,156	5,820	2,336	313	8,469
Atyraus	3,865	2,752	1,113	125	3,990
Eastern Kazakhstan	7,869	7,659	210	450	8,319
Jambyl	437	330	107	0	437
Western Kazakhstan	5,259	3,545	1,714	0	5,259
Karaganda	10,687	8,706	1,981	0	10,687
Kzyl-Orda	3,455	3,155	300	0	3,455
Kostanai	6,141	3,697	2,444	0	6,141
Mangystaus	1,458	1,113	345	200	1,658
Pavlodar	5,860	3,633	2,227	0	5,860
Northern Kazakhstan	2,787	1,896	891	101	2,888
Southern Kazakhstan	8,397	8,397	0	0	8,397
City of Almaty	1,956	1,956	0	0	1,956
City of Astana	5,098	2,657	2,441	95	5,193
Total	**80,716**	**58,876**	**21,840**	**1,583**	**82,299**

Table 23. (continued)

Region	Funded by state budget (persons)				
		Including		Specialized	
	Total	PTS	PTL	PTS	Total
Acmolin	5,853	1,719	4,134	0	5,853
Actobe	2,277	1,483	794	299	2,576
Almaty	8,014	5,738	2,276	313	8,327
Atyraus	3,453	2,513	940	125	3,578
Eastern Kazakhstan	7,869	7,659	210	450	8,319
Jambyl	107	0	107	0	107
Western Kazakhstan	4,936	4,836	100	0	4,936
Karaganda	9,728	7,927	1,801	0	9,728
Kzyl-Orda	3,193	2,893	300	0	3,193
Kostanai	3,593	2,393	1,200	0	3,593
Mangystaus	1,368	1,032	336	200	1,568
Pavlodar	4,881	3,320	1,561	0	4,881
Northern Kazakhstan	2,516	1,685	831	101	2,617
Southern Kazakhstan	8,397	8,397	0	0	8,397
City of Almaty	1,920	1,920	0	0	1,920
City of Astana	3,770	1,815	1,955	95	3,865
Total	**71,875**	**55,330**	**16,545**	**1,583**	**73,458**

Table 24. Expenditure for education by categories in 1998-1999 (%)

Category	1998	1999
Wage bill including allowances	65.7	62.5
Meals	3.2	5.0
Text-books	1.5	5.4
Computerization	2.7	2.7
Stipends	5.4	2.2
Public utilities	10.1	13.5
Others	11.3	8.7

Table 25. Justification for budgetary request

Enclosure N°. 1
to the decision of
The Ministry of Finance
of "......" ......
N°. ......
Form • • -1

The volume of the approved budgetary request is:

. . . .

. . . .

Signature by head of public body responsible for the programme

. . . .

Date "......" ....

Rubber stamp

Budgetary request for ....

Republic's budget .... Code ☐

Public body responsible for programme

Functional group
Programme

Sub-programme	*Article*	*1998 (report)*	*1999 (revised plan)*	*2000 (estimates)*
1	2	3	4	5
Total				

Chief Accountant (Head of Financial and Economic Department)

Enclosure to Table 25

Justification for budgetary request of the Ministry of Education, Culture and Health of Kazakhstan for 1999 on programme 9-31 'Training of civil servants at higher-education institutions'

Part 1 **Budgetary expenditure required for education of target number of students at higher-education institutions of the Ministry of Education, Culture and Health in the 1999/2000 academic year.**

Target estimates for admission to higher education institutions of the Ministry of Education, Culture and Health of Kazakhstan according to the state order are **25,620** students for the 1998/1999 academic year, and 21,165 students for the 1999/2000 academic year, including:

On the basis of the state order – 14,110 students,
On the basis of an educational credit/loan – 7,055 students.
These students are expected to be trained for the following professions:

Natural sciences	1,345
Humanitarian sciences	2,275
Education	5,405
Veterinary sciences	340
Fine arts	930
Customs	150
Management of public administration	20
Organization of public administration	75
Management of labour force	20
Biotechnology	80
Standardization and certification	120

Enviromental sciences	275
Geodesy and cartography	20
Zoology	195
Forestry and gardening	40
Medical professions	1,650
Kazakh State National University on natural sciences, arts and education	1,200
Total	**14,110**

Budgetary expenditure required for the education of these students on the basis of educational grants was estimated at **379.7 million tenges** in 1999, including :

- In higher-education institutions under the **Committee of Education** the volume of expenditure = the number of students (11,260) × annual unit cost per student (68,600 tenges)/3 = **257,478,000** tenges.
- In higher-education institutions under the **Committee of Health Care** the volume of expenditure = the number of students (1,650) × annual unit cost per student (90,000 tenges)/3 = 74,250,000 tenges.
- In the State National University the volume of expenditure = the number of students (1,200) × annual unit cost per student, taking into account increasing coefficient (120,000 tenges)/3 = 48,000,000 tenges.

For the education of 7,055 students who were expected to be admitted in the 1999-2000 academic year for technical, economic and agricultural professional profiles, it was planned to spend 161.3 million tenges for educational credit from the republic's budget (7,055 × 68,600 tenges)/3.

Thus, total volume of the republic's budgetary expenditure from both sources required for education of target numbers of students for 1999 was estimated at 541 million tenges.

Part 2 Fellowships for students of higher-education institutions

Starting with the 1999/2000 academic year, only orphans and students with high academic achievement will be granted fellowships financed from the republic's budget. The total number of these students is 6,600. The annual expenditure for fellowships will be 151.3 million tenges (6,600 × 21,045 tenges – volume of an average fellowship in 1998 × 108.9 per cent coefficient –).

Other students will be provided with loans (at their request) followed by consecutive repayments. For those who, after graduation from higher-education institutions, are employed subject to the state targeted employment schemes, repayments can be reduced by half.

Table 26. Justification of target budgetary programme

Enclosure N°. 2
to the decision of
The Ministry of Finance
of " . . . . . . " . . . . . .
N°. . . . . . .
Form • • -1

Justification of target budgetary programme

Target budget programme . . . .

Public body responsible for programme . . . .
(state institution)

Timetable of implementation . . . .
(years)

Legal ground	Goal of a programme Stages of implementation	Sub-programmes	Sources and articles of expenditure Type of financing	Total expenditure for a programme (thousand tenges)	Expenditure from the beginning of implementation to present	Results of implementation of main stages of programme (indicators)
1	2	3	4	5	6	7

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Table 27. Justification of recurrent budgetary programme

Enclosure N°. 3
to the decision of
The Ministry of Finance
of " . . . . . . " . . . . . .
N°. . . . . . .
Form • • -1

Justification of recurrent budgetary programme

Recurrent budget programme . . . .

Public body responsible for programme . . . . (state institution)

Legal ground	Goal of a programme	Sub-programmes	Sources and articles of expenditure Type of financing
1	2	3	4

Table 28. Expenditure estimates for programmes financed in terms of state order

Enclosure N°. 4
to the decision of
The Ministry of Finance
of " . . . . " . . . . . .
N°. . . . .
Form • • -1

Expenditure estimates for programmes financed in terms of state order

	Codes
Year	. . . .
Public body responsible for programme	. . . .
Programme	. . . .
Sub-programme	. . . .

Article	1998 (report)	1999 (revised plan)	2000 (estimates)
1. Total expenditure (in thousand tenges)			
Including : *Wage bill*			
Including income taxes *Payments of employers*			
Including social taxes *Purchase of goods and services*			
Including VAT *Travel*			
Including VAT *Public utilities and electricity*			
Including VAT *Communication*			
Including VAT *Capital expenditure*			
Including VAT *Other expenditure*			
Including VAT *Excise**			
VAT**			
2. Quantitative indicators			

Head of public body responsible for programme . . . .

Chief Accountant (Head of Financial Department) . . . .

* This form is filled in when goods and services purchased through the state order are taxed according to legislation

** This form is filled in when goods and services purchased through the state order are taxed VAT according to legislation

Table 29. Expenditure estimates for subsidized programmes

Enclosure N°. 5
to the decision of
The Ministry of Finance
of " . . . . . . " . . . . . .
N°. . . . .
Form • • -1

Expenditure estimates for subsidized programmes

	Codes
Year	. . . .
Public body responsible for programme	. . . .
Programme	. . . .
Sub-programme	. . . .

Article	1998 (report)	1999 (revised plan)	2000 (estimates)
1. Total expentiture (in thousand tenges)			
2. Including : *Wage bill*			
Including income taxes *Payments of employers*			
Including social taxes *Purchase of goods and services*			
Including VAT *Travel*			
Including VAT *Public utilities and electricity*			
Including VAT *Communication*			
Including VAT *Capital expenditure*			
Including VAT *Other expenditure*			
Including VAT *Excise**			
VAT**			
2. Quantitative indicators			
3. Budget deficit (in thousand tenges)			

Head of public body responsible for programme . . . .

Chief Accountant (Head of Financial Department) . . . .

* This form is filled in when goods and services purchased through the state order are taxed according to legislation

** This form is filled in when goods and services purchased through the state order are taxed VAT according to legislation

Table 30. Expenditure estimates for programmes (sub-programmes) (not including subsidized programmes and programmes financed in terms of state order)

Enclosure N°. 6
to the decision of
The Ministry of Finance
of " . . . . . . " . . . . . .
N°. . . . .
Form • • -1

Expenditure estimates for programmes (sub-programmes) (not including subsidized programmes and programmes financed in terms of state order)

	Codes
Year	. . . .
Public body responsible for programme	. . . .
Programme	. . . .
Sub-programme	. . . .

Article	1998 (report)	1999 (revised plan)	2000 (estimates)
1. Total expentiture (in thousand tenges) Including distribution by specifics of economic classification			
2. Quantitative indicators			
. . . .			
. . . .			
. . . .			

Head of public body responsible for programme . . . .

Chief Accountant (Head of Financial Department) . . . .

Chart 1. Enrolment and number of pre-schools

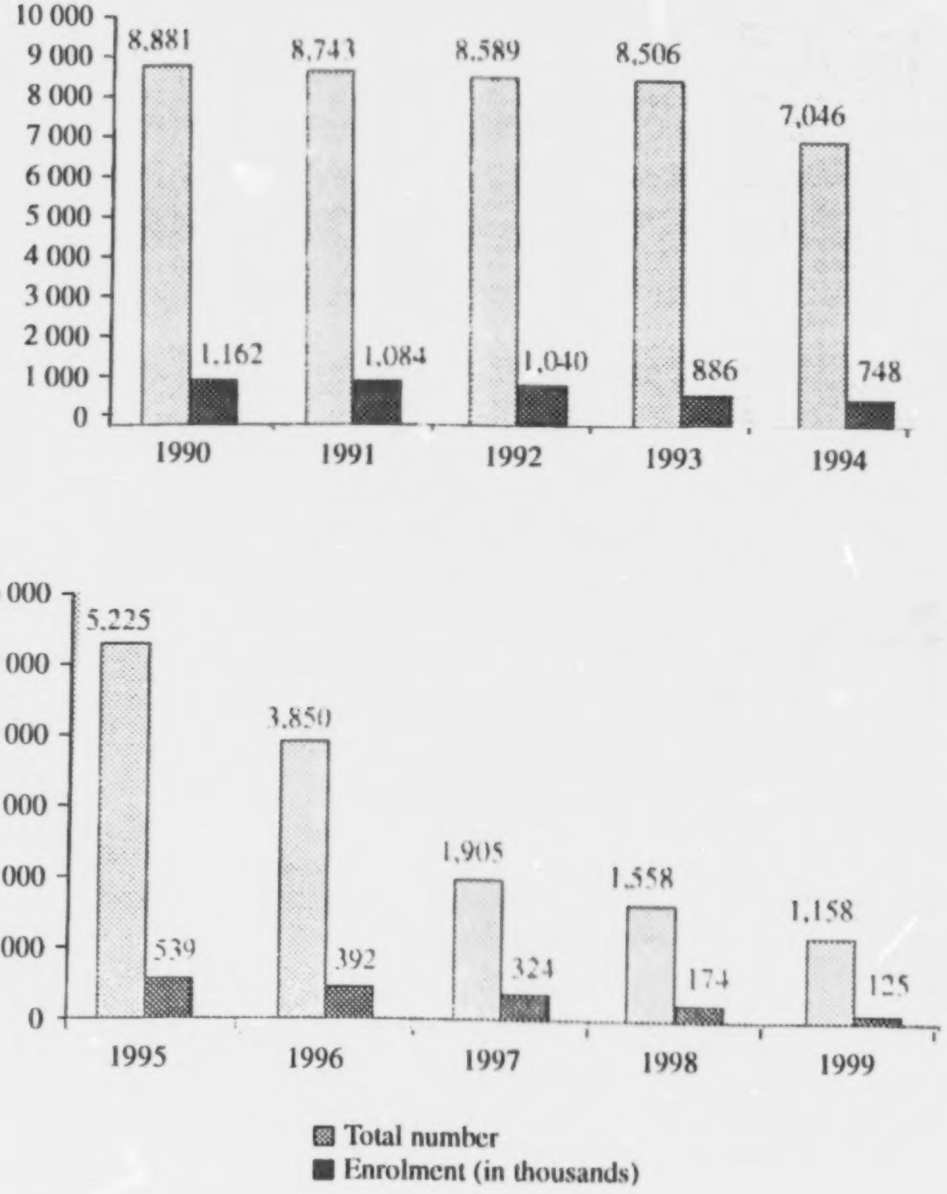

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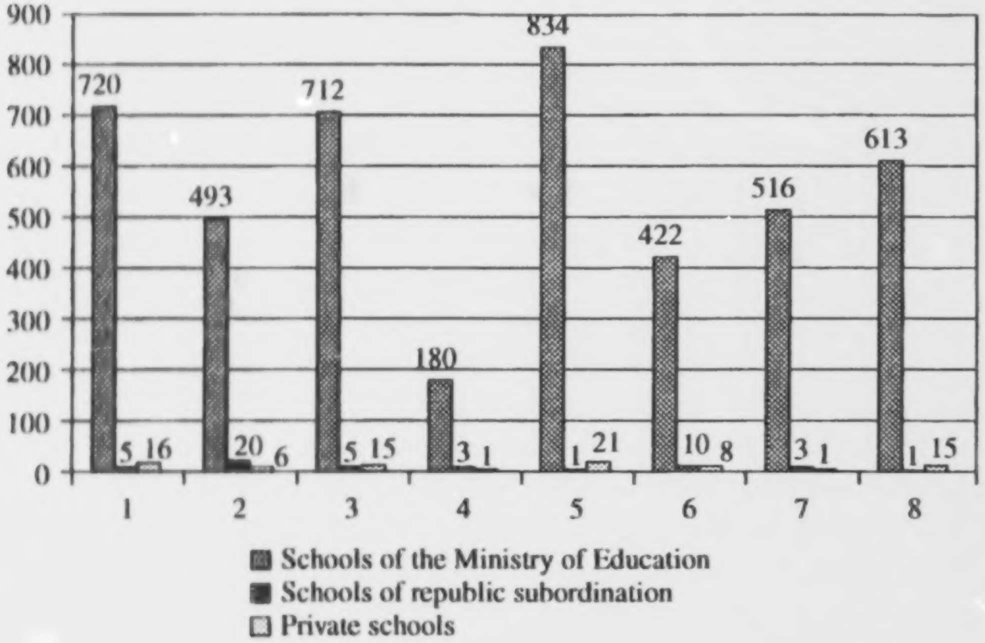
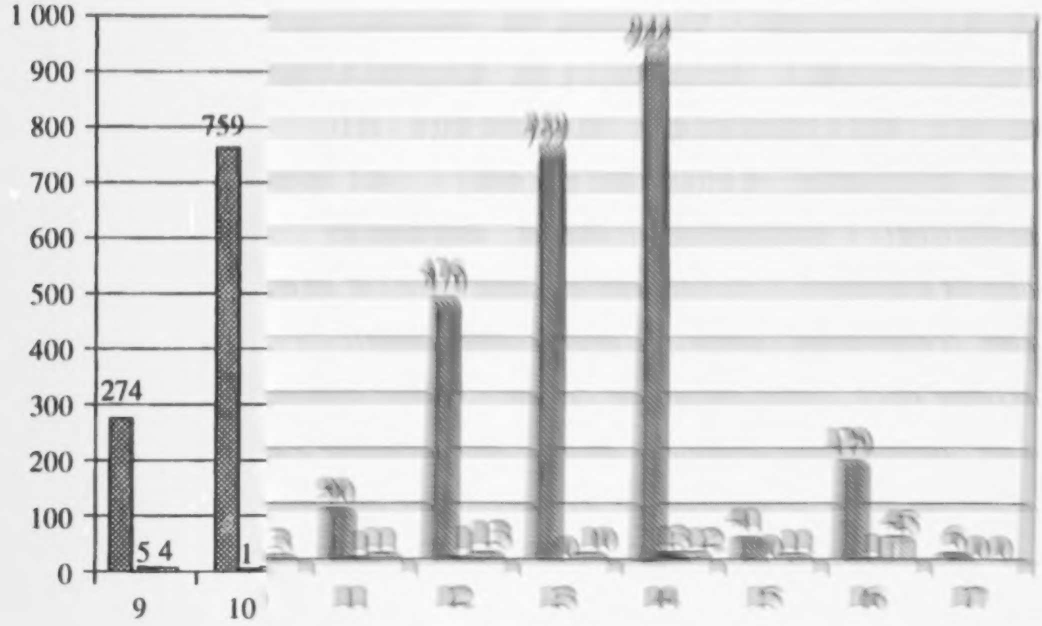
Chart 2. Distribution of day general primary and secondary schools (1999/2000)



1 – Acmolin
2 – Actube
3 – Almaty
4 – Atyraus

5 – Eastern Kazakhstan
6 – Jambyl
7 – Western Kazakhstan
8 – Karaganda

Chart 2. (continued)



9 – Kzyl-Orda
10 – Kostanai
11 – Mangistaus
12 – Pavlodar
13 – Northern Kazakhstan
14 – Southern Kazakhstan
15 – City of Astana
16 – City of Almaty
17 – Republic institutions

Chart 3. Enrolment at pre-schools (1999/2000)

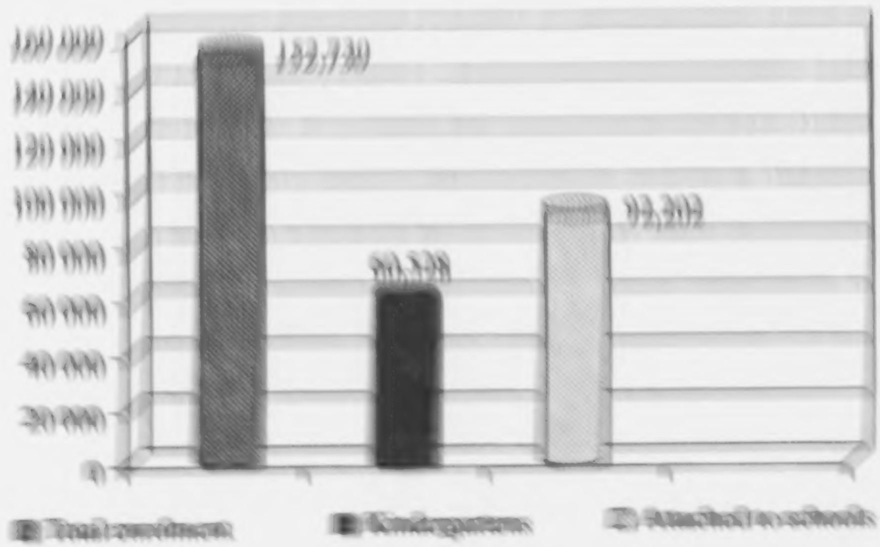
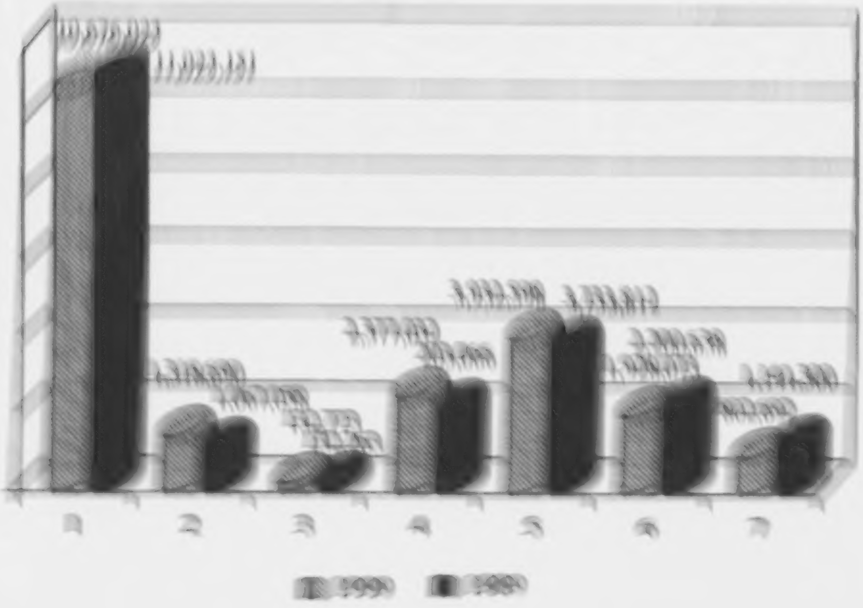


Chart 4. Population of Kazakhstan by level of education



1. Total population aged 15 years and above
2. Higher education
3. Incomplete higher education
4. Special secondary education
5. General secondary education
6. General basic education
7. Primary education

Chart 5. Enrolment and number of professional education institutions

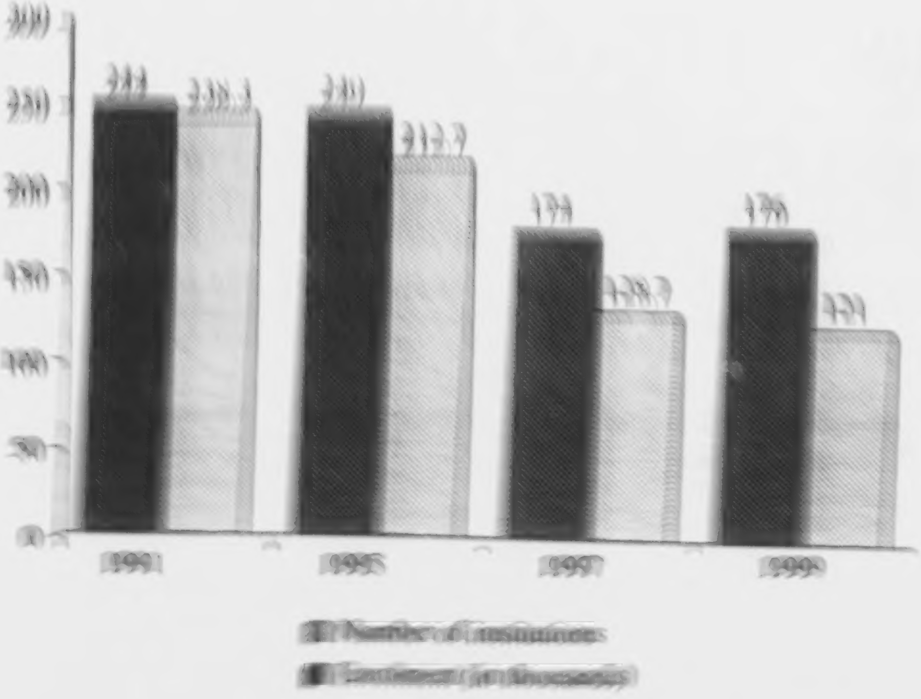


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Chart 6. Number of state higher-education institutions (HEI)

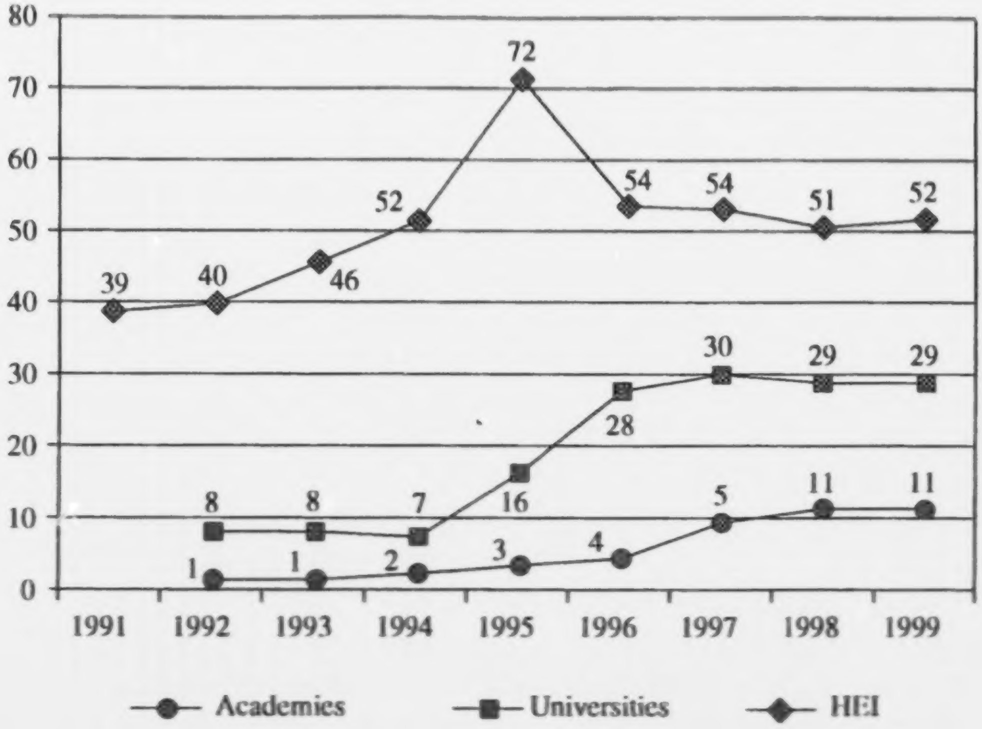


Chart 7. Enrolment at state higher-education institutions
(in thousands)

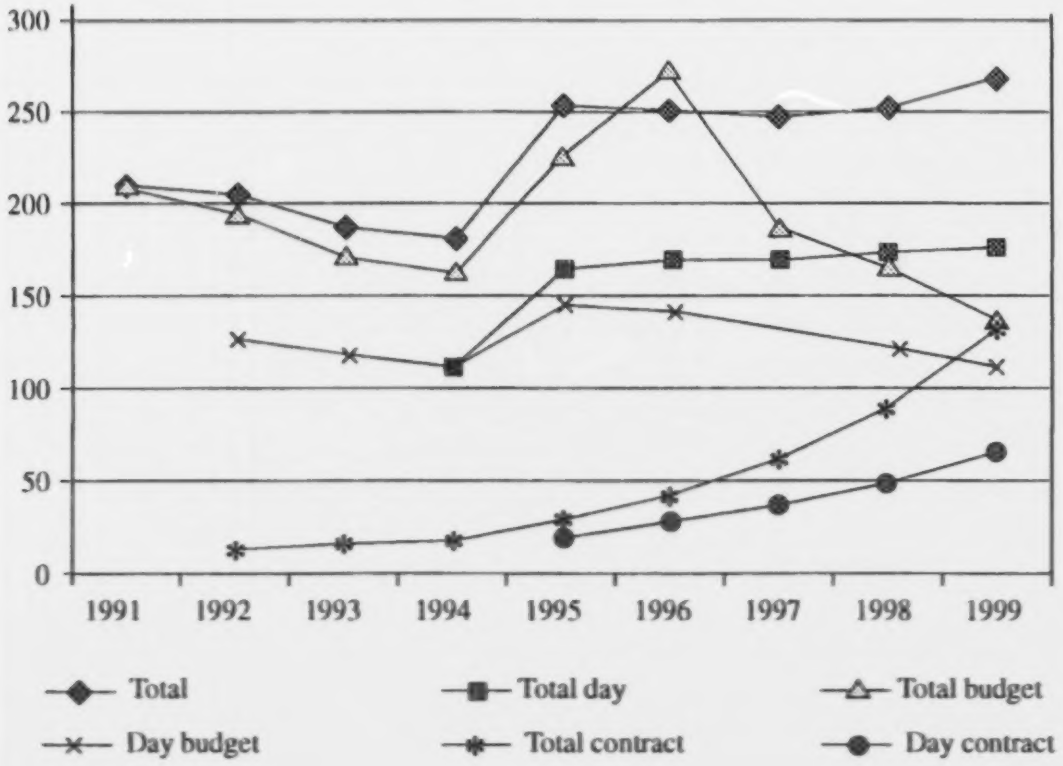


Chart 8. **Distribution of higher-education students by specialization on 1 October 1999**

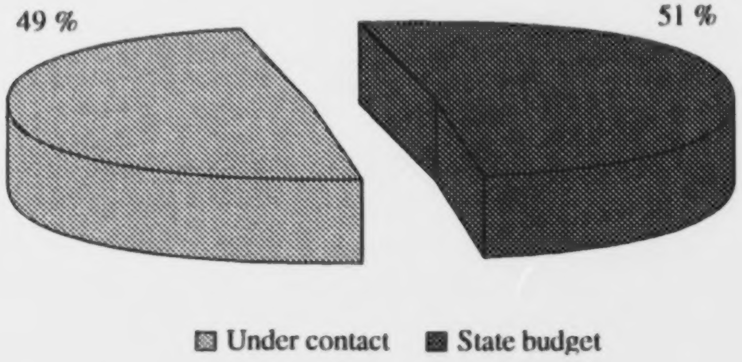
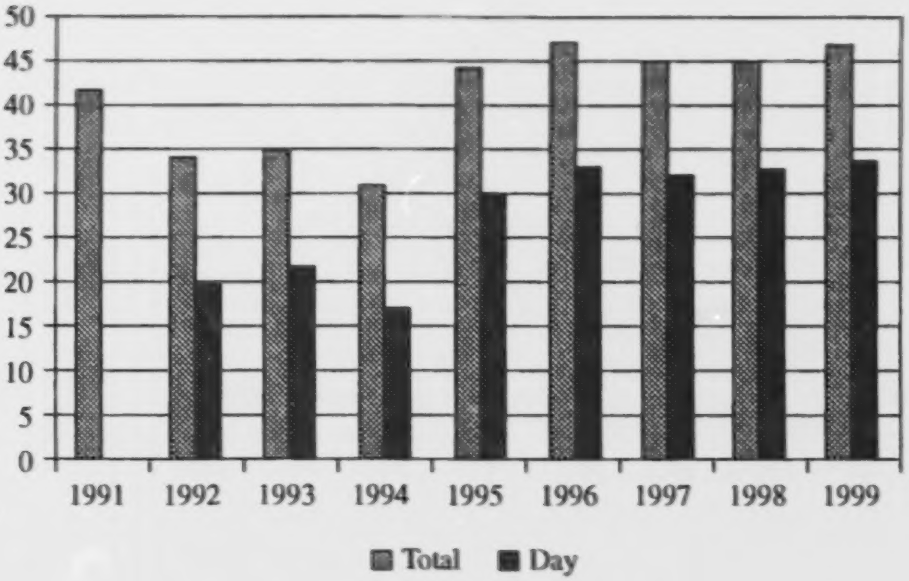


Chart 9. **Number of graduation from state higher education institutions**



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The book

This publication was prepared within the IIEP project on capacity building in budgetary procedures for education in Central Asia and Mongolia. It provides an in-depth description and analysis of financial management and budgetary procedures for education in Kazakhstan, one of the centrally-planned economies of the former Soviet Union.

The case of Kazakhstan is characterized by radical and bold policies to drastically revamp its educational financing and budgeting. In the 1990s, the country made an impressive reversal from state-dominated, centralized education to a market-oriented, privatized system. Because of the financial constraints of the transition period and policies of cost-reduction, many kindergartens, small-scale schools and vocational and technical institutions were either streamlined or closed.

The policy to privatize higher education was widely applied so that only a few public institutions will continue to exist in the future. Cost-sharing and income-generation in education became a fact of life but still need supportive legislation.

Kazakhstan was the first country in Central Asia to co-operate with the Asian Development Bank and other donor agencies. It was also the first country from the former Soviet Union to launch a student loans scheme in higher education and introduce a unified national testing at the end of secondary studies.

Educational financing and budgeting in Kazakhstan

The authors

This study on educational financing and budgeting in Kazakhstan was prepared by a research team of the Ministry of Education and Science, headed by the Minister, ***Mr Krymbek E. Kousherbaev****. This team included high-level professionals in charge of specific sectors of educational finance and budgeting. Their competence, experience and professional capacities were essential not only for the success of the study, but also for the IIEP project as a whole.*

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